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ANNUAL STATEMENT

Harvest Notice

FBI probes Washington blast

Embassy letter bomb similar to those in U.K.

BY DAVID BELL AND ADRIAN DICKS

The letter-bomb which exploded in the British Embassy in Washington yesterday, severely injuring a woman secretary, was similar to the devices planted in London during the past week, the Foreign Office said last night.

Mrs. Norah Murray, aged 51, waves of bombs in London staff were again reminded of the danger and of the procedure for dealing with bombs.

In Washington, the Information Counsellor at the Embassy said stringent security had been enforced but the bomb had somehow not been detected.

Federal Bureau of Investigation officials examined the grounds of the Embassy after the blast looking for fragments of the bomb and for a time part of the building was evacuated while a search was made.

Mrs. Murray was understood to be alone in her office at the time, and no one else was hurt in the blast, which occurred just after the embassy staff arrived for work at 9.00.

The FBI and the Washington police have begun a full inquiry.

Mrs. Murray, who is 51, was born in County Galway but is a British citizen. She had arrived in Washington only a few months ago after working for some years at the Ministry of Defence in London.

The State Department issued a statement strongly deploring what it described as "a shocking act of violence against a diplomatic mission accredited to this country, and we express our deep regret to both Her Majesty's Government and to the innocent victim of this senseless attack."

In less formal terms, American officials and ordinary people in Washington issued a warning that letter bombs to all Embassies shocked and angered by the incident. Although the response after the present

More pressure for higher home loan rates

BY DAVID WALKER

A DRAMATIC drop in the inflow of funds to building societies this month is likely to lead to yet greater pressure for a further increase in mortgage rates at the next meeting of the Building Societies Association council on September 14.

Preliminary indications are that net receipts by the societies this month could be as much as 30-40 per cent. down on the record July figure of £229.3m.

At the same time, pressure is mounting for Government action to curb interest rate rises or, at the least, for a clear Government policy statement on the subject.

Within the building society movement, unfavorable comparisons are being drawn between the way the Government has been intervening in building society affairs while leaving the banks to fix their interest rates in the normal competitive manner.

Either it should be made clear to building societies that they should compete fully with the banks for investors' money or a climate should be created in which rates can be kept down. It is being argued.

The cause of the sudden change between July and August is that the flow of funds from investors is said to have dropped to the level of the level of withdrawals increased substantially.

The situation is particularly worrying to building society chiefs because the latest figures do not fully reflect the movements in the interest rates now offered by the banks and other bodies competing for investors' funds.

The movement in banks' rates started at the beginning of this month, but the 6.75 per cent. tax paid offered by most societies, equivalent to 9.64 per cent. gross, meant societies maintained their competitive edge though they were forced to rescind a decision to reduce interest rates next month.

The gap between the building societies and the banks, however, virtually closed last week when Lloyds Bank put its deposit rate up to 9.5 per cent. or 6.5 per cent. net.

With other interest rates moving similarly so that, for example, some local authorities now offer better terms than building societies, the outlook for the future flow of funds does not appear good.

As a result, next month's Building Societies Association council meeting seems certain to see calls for a net investors' rate of at least 7 per cent. implying a mortgage rate of 10.5 per cent. compared with the 10 per cent. recommended by the council a fortnight ago.

The next meeting of the society leaders are already talking in terms of the possibility of 11 per cent. mortgage rates.

The key point on which the Government is likely to be asked to make its policy clear is contained in the Bank of England policy document on competition and credit control published in May 1971.

This introduced the era of free competition on interest rates but, at the same time, included a clause allowing for State intervention to curb the terms offered by banks if building society finance was being impaired.

"We are now in the situation which was envisaged then," Mr. Roy Cox, chief general manager of the Alliance Building Society, the sixth largest, claimed yesterday.

"The Government has to make clear whether it is going to follow that policy or not. The need is for the Government to say what it is going to do."

Mr. Anthony Crosland, "shadow" Secretary for the Environment, yesterday criticised the present situation as "utter chaos."

There was no long-term housing policy of any kind he maintained. The policy of free competition on interest rates was putting unbearable pressure on building societies and, through them, on all young couples who wanted a home.

He called for the Government to say promptly what action it proposed to help home buyers.

Arab oil policy against Israel

BY IHSAN HIJAZI

BEIRUT, August 27

PRESIDENT SADAT of Egypt returned to Cairo today after visiting Saudi Arabia, Syria, and Qatar to discuss plans for using Arab oil and Arab money as weapons in the struggle against Israel.

There is a speculation in the Beirut press that as a result of President Sadat's visit, King Feisal of Saudi Arabia has decided to refuse to raise Saudi oil output much above the present 8m. barrels a day.

Saudi Arabia is the United States' greatest source of Middle East oil. Aramco, which exports the Saudi oil, has ambitious plans to increase output there by 30 per cent. a year. Unconfirmed reports in the Beirut Press say the King has decided he will limit the annual expansion of production to 10 per cent.

Informed sources here say they expect Col. Khedafi, the Libyan leader, to announce on September 1 the 51 per cent. nationalisation of the Libyan operations of those oil companies that have not already agreed to this measure.

The companies involved are Shell, Texaco, Mobil, Exxon, and Standard Oil of California. They had been given until last Saturday to negotiate an agreement with the Libyans.

'No alternative.'

An Arab oil expert has said the Libyan takeover of 51 per cent. of the assets of Occidental and the Oasis group has helped the Kuwaiti Government in its demand for an equal share in the Kuwait Oil Company (KOC), owned on a 50/50 basis by British Petroleum and Gulf Oil Corporation.

Dr. Elias Sarkis, in an interview with the Beirut Left-wing weekly, Al Balagh, believes the alternative but to acquiesce to the Kuwaiti demand just yielded to Libya.

After pressure from Parliament, the Kuwaiti Government had decided not to sign the participation agreement which had been concluded by Saudi Arabia, Abu Dhabi and Qatar and which gave the three countries an initial share of 25 per cent. in the concessions of their guest companies.

Dr. Sarkis also believes the Libyan takeover has upset the original participation accord and is bound to affect the position of the companies in Gulf region and in Saudi Arabia.

He said the Saudi Government, especially may now be on the spot to demand a 51 per cent. share in Aramco without having to wait until 1980, as the participation accord has stipulated.

In Milan the newspaper Il Sole-24 Ore reported that British Petroleum and Gulf Oil had decided to sell 51 per cent. of the Kuwait Oil Company, which they own jointly, to the Kuwaiti Government.

According to the newspaper the two oil companies have been given an unspecified period of time to arrange the transfer.

Gulf Oil in New York had no comment to make on the report and a BP spokesman in New York said he had heard nothing about such a deal.

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Crisis in Libya-Egypt merger. Page 7

Prime rate at 9 3/4% in U.S.

BY NICHOLAS COLCHESTER, J.S. FINANCIAL CORRESPONDENT

NEW-YORK, August 27

THE RAPID rise in the U.S. banking industry's prime lending rate continued this morning when three major banks announced that they were raising their prime to 9 3/4 per cent.

These rates, a new record, drew "no comment" from the Administration's Committee on Interest and Dividends but Representative Wright Patman, the chairman of the House Currency and Banking Committee, criticised the move.

Apart from Chase, the other two banks to put up their rate to 9 3/4 per cent. were Franklin National Bank of New York and Continental Illinois National Bank and Trust Company, of Chicago.

Chase said its action was aimed at "catching up with market conditions" and the new rate brings the bank's fee to its largest corporate customers more into line with the general level of short-term rates the prime has been for some weeks.

Rather mixed

Over the past fortnight interest rates have been rather mixed in their movements, though the overall level has remained high. Three-month commercial paper was costing about 10 1/2 per cent. at the end of last week—1 per cent. above today's new prime.

With the Government already warning the public that the wholesale price index will have risen at "an astounding rate" in August, there is a chance that the Committee on Interest and Dividends will again have something to say about Chase's action after having turned a blind eye to the prime for some months.

On the other hand, Salomon Brothers points out that commercial bank loans have increased by \$40,000m. in the first seven months of this year—twice the rate of increase last year and no less than four times the rate of increase in the credit-squeeze year of 1969. These figures are important to a central bank that is trying to cool down growth by letting the cost of money rise.

Representative Patman, long a scourge of the banking industry, said today that he would insist that the Justice Department look into the increase in the prime rate and the Justice Department be the enforcer of anti-monopoly law in this country.

He also revealed that his House Banking Committee would start two weeks of hearings on September 10 "covering the whole subject of the present economic situation including interest rates."

Heath flies to Ulster for talks to-day

BY JOHN BOURNE, LOBBY EDITOR

THE Prime Minister flies by Constitution Act for making a RAF aircraft this morning for his planned two-day visit to Ulster.

Despite the spate of letter-bombs in London and growing Tory back-bench anxiety about the activities of the IRA in Britain, it is not expected he will discuss these issues at length—if at all—with the leaders of the newly elected Northern Ireland parties when he meets them separately today and to-morrow.

Mr. Heath's main purpose is still to maintain the Government's pressure on local politicians to agree on the composition and operation of a Northern Ireland Executive Council, as provided for in the recent Northern Ireland Constitution Act.

Mr. Heath will arrive in Belfast about mid-morning in time for preparatory talks with Mr. William Whitelaw, Secretary for Northern Ireland, who returned to Stormont early yesterday from his holidays.

This afternoon, Mr. Heath will attend the memorial service in St. Anne's Cathedral to Lord Brookeborough, a former Northern Ireland Premier for 20 years. He will then start his discussions with the Ulster political leaders, and see members of the security forces.

Although the official line in Whitehall is that "considerable progress" has been made towards the goal of establishing a new Protestant-Catholic Administration on a power-sharing basis, Mr. Heath is well aware that discussions have become rather bogged down.

The Northern Ireland Assembly's standing orders committee, appointed early this month, is understood to be still arguing about such niceties as "who" and "how" the committee should meet.

Urgency

The committee, it is understood in London, has not yet got down to its main task of drawing up rules and orders for the Assembly.

Mr. Heath is expected to stress the need for urgency to the leaders of the parties whose representatives sit on the committee, and also to emphasise that when the Assembly is recalled from its summer recess the Ulster politicians must try to agree as quickly as possible on the composition of an Executive.

No date has yet been fixed for the recall of the Assembly. The Prime Minister will point out that unless an Executive is appointed and approved by next March, it will then be too late, because the provisions of the

Difficulties

As for outlawing the IRA, this would require legislation, and he did not envisage recalling Parliament at present.

The feeling in Whitehall yesterday, despite the Prime Minister's assurance that such measures were under consideration, was that the practical and legal difficulties in their way were formidable.

Home Affairs Ministers in Whitehall seem to regard the existing powers of the Home Secretary under the latest Immigration Act as sufficient.

Mr. James Callaghan, Labour's "shadow" Foreign Secretary, said in a radio interview yesterday that letter and other bomb outrages in London were only setting back the cause of those Republicans who believed in a united Ireland.

Strict security. Back Page

At last.

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## Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY

## Management, marketing and technology • Waste heat

Sir—Two interesting but apparently unrelated topics have been debated in your correspondence columns in recent weeks. I refer to the exchange of views between Ralph Windle (July 28) and Peter Blood about the institutionalisation of marketing; and the discussion by Professor Gregory, Dr. Ing. Szechen and Dr. Watkins on a subject which began as "Engineers and Management" and progressed through "Management of Technology" and "Innovation Management".

In the 1950s much of the literature about innovation attributed success to factors connected with research and development, and implied that investment in R and D would, by itself, produce great rewards. By the late 1960s this view had become somewhat discredited, and studies were emphasising the marketing aspects of the innovation process as the determining factors in success.

Project SAPPHO, which was carried out at the Science Policy Research Unit, found that successful innovation depended on efficient performance of both marketing and R and D, as well as good management. It has been suggested by some that our results are only common sense, and when Professor Gregory says that "research which confirms that which is already widely suspected and practised by many is not news," he is, of course, correct.

But research which shows, despite the claims of many practitioners that they avoid well-known problems, that avoidable mistakes are still made, and unnecessary failures occur, is significant. Obviously identifying the symptoms of an illness is no help unless a cure can be found, which is why part of the follow-up to the SAPPHO project was an attempt to see how mistakes could be avoided in the future.

The R and D Marketing Interplay was found in SAPPHO to be an important problem area in unsuccessful innovations, and the interaction between R and D and marketing is now given high attention by both managers and academics. Encouraging efficient communication between the two departments is a cause of concern in many organisations, but I should like to suggest that it is the very nature of the organisational structures and the specialisations which they enshrine that leads to many of the problems.

The R and D / marketing gap is only becoming evident when R and D and marketing established their own empires. Now some people try to use corporate planning units to ensure that both marketing and R and D use the same language and contribute to the same objectives, and as this happens one begins to hear comments about

Integration proposals were soundly defeated by members of the English Institute of Chartered Accountants and such thoughts are now as dead as a dodo. Chartered accountants have nothing at all to gain from amalgamation with any other body.

The Association of Certified Accountants are rent by internal divisions by lacking in quality structure, have a falling membership and lack purpose and direction—they are a ship without a rudder.

The Institute of Cost and Management Accountants is a species of hybrid, whose earlier hopes of greatness have been submerged by the growth of the business schools.

In every walk of life there are inevitable deficiencies, and we fool ourselves if we deny that this is so. I agree with the views of Mr. Ian Hay Davidson of Arthur Andersen and Co., who sees chartered accountancy as an all graduate profession with the highest standards of education, training and conduct.

Let the other bodies merge to provide a suitable training and qualification for those who are unable or unwilling to aspire to the heights demanded for the senior qualification and designation of chartered accountant. In footballing terms what would Liverpool gain from merging with Tranmere Rovers? And is not Tranmere providing very good service to football even though on a lower plane than their illustrious neighbours?

I am a little tired of the activities of potentates from the cosy realms of semi-retirement in Universities, who think they can solve the problems of the business world so I discard in advance the very long awaited report from Professor Solomon.

If Professors concentrated more on their real jobs, and less on standards of their own institutions—we would have far less trouble within Universities and far fewer thoroughly bored and disillusioned graduates drifting into industry.

Benedit Mueale, 367 Brereton Gardens, Farnley, Lancs.

passed the prescribed examinations, at least 11 years three ago and have had at least three years' practical experience as specified by the Institute.

Then follow four sections under the headings cost accountancy; advanced cost and management accountancy; financial accountancy; advanced accountancy and financial management. The first two sections are essential, of the second two, desirable. Each section is broken down into numerous subjects which would take far too much space to detail here. I am sure that there must be corroboration of all the claims to experience and that, inter alia, teaching or lecturing is not acceptable as practical experience.

This is hardly "keeping laborious costing records or writing up cash books," as Mr. Lafferty claims.

The regulations for admission to membership are laid down in the ICMA's articles of association. That they are rigidly enforced is shown by figures in the ICMA's annual report for 1972. Although there were 722 admissions to membership during the year, no fewer than 84 applications for fellow or associate membership were rejected on the grounds of insufficient range and depth of experience. There is no easy way to membership of the ICMA, and Mr. Lafferty's remarks are well founded.

The experience gained by an articled clerk varies greatly from one practice to another, but it is not infrequently limited to the accounts of a single company from incomplete records. He is not required to have any industrial experience before applying for membership of the ICMA. Although he may well have had some experience in a variety of companies while training, he is in the novice class when he takes his first job in industry. Impressions are no substitute for practical experience. The ICMA, on the other hand, has a long tradition of industrial and commercial environment. He is qualified in depth in a specialised accountancy discipline; the ACA who goes into industry normally has to start gaining practical experience.

Mr. Lafferty's remarks are unconvincing. I would refer him to a letter (Financial Times, August 15) by Mr. T. C. Webb, president of the Association of Chartered Accountant Students' Societies, which, for some time, has been agitating for an end to articled clerkship.

Mr. Webb wrote: "Few accounting practices can today provide the overall complex of education and experience (in italics) needed by students. In consequence, a student may

not gain varied experience and knowledge which the business community is entitled to assume he should possess when he styles himself a "Chartered Accountant" upon qualification... he may just have qualified and have spent the entire period of his articled clerkship in a firm that merely farms out the inevitable increase in fees that such an arrangement would involve.

S. W. Penwill, 536, Salisbury House, London Wall, E.C.2.

**Higher energy no danger**

Sir—I was intrigued by your report on August 21 of a statement attributed to Sir Kingsley Dunham about the possible danger to life on earth from temperature increases due to the development of energy sources sufficient to give everybody a future a standard of living equal to the highest so far achieved. I should be grateful if you could publish my simple analysis of the situation, which indicates that such a view is, at the very least, highly disputable, and hardly worthy of inclusion in a presidential address of this kind.

I reason as follows: Assuming that living standards bear a direct relationship with total energy consumption, as a first approximation, as a first approximation, of about 7 for the U.K. Next assume that the total world population rises to, say, 20,000m. Thus the total average energy consumption in the world would rise to about 5 x 10<sup>10</sup> kW, which would have to be dissipated into the atmosphere and radiated into space, in the absence of fundamental changes in the way we dispose of waste heat.

The total solar radiation constantly absorbed by earth's atmosphere at present amounts to an average of about 5 x 10<sup>10</sup> kW, and this is subject to an annual variation of at least plus and minus 3 per cent. due to the earth's revolution around the sun, as well as to additional variations due to the solar cycle (11-year sunspot period) and evolutionary changes in the sun's output, which have been of at least equal magnitude during the traceable existence of man on earth. In other words, variations of at least three to six times greater than those involved with my quantification of Sir Kingsley's hypothesis have been a continuing feature of man's environment throughout the course of known history.

Am I wrong, therefore, in deducing that the learned Sir Association president has tongue in his cheek when, in his new "Canterbury Tales" (August 22) about "Little Nell," Abbotsbrook, Bourne End, Bucks.

## Tuesday Club support

Sir—May I correct an error of fact which appeared in your issue of August 22 about "Tuesday Club".

At no time was reference by anyone concerned with it to "Group 73" made. I have received a number of letters from Tuesday Club supporters asking what the "Group 73" was, and whether it is, like opposed to British members of the Common Market.

While we would not take exception to any group or organisation getting a little spin on its activities, and while I have a high personal regard for Group 73 members, the completely false assertion that it had claimed for even one of our members support has a taint of "smear by tactics".

That being said, we would like to wish the members of Tuesday Club every success in the future.

Ree Cartwright, (a member of the Tuesday Club), 7 Park Road, East Twickenham, Middlesex.

## How to cash \$4 cheque?

Sir—Until recently my pany was faced with the problem as your correspondent Dr. Mackay (August 20) bank (one of the big ones) adamant that by agreement other banks it must charge per cheque, however few dollars. We consulted our friends in the City, ever Bank of England had no objection.

But the answer was both and profitable: we open savings account with the National City Bank of New York, which charge 15p single cheque up to the extent of \$150, the charge batches of cheques is calculated on the total value, divided to 0.1 per cent. of the total of large batches. Moreover leaving money received from sales to accumulate and interest we have converted drain to a net gain.

G. P. Henderson, CHD Research, 154, High St, Beckenham, Kent.

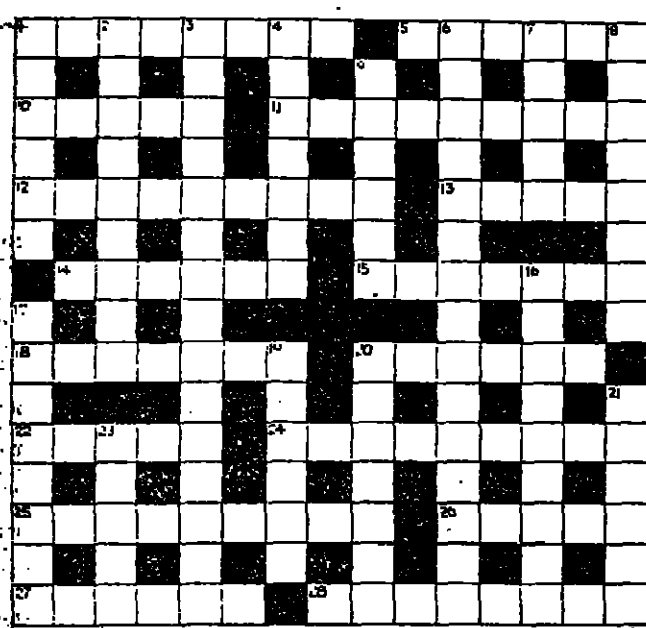
## TV Radio

† Indicates programme in black and white

**BBC 1**

7.55 a.m. Champion The Wonder Horse. 10.20 Nostalgia and the Flying Machine. 10.30 Animal Design. 1.20 p.m. in the Town. 2.45 News. 3.10 Ar Gais Gairym. 2.15 Disney Cartoon. 2.30 Pink Panther. 2.40 Tom and Jerry. 2.50 Hapless Days of Your Life. 4.15 Play School. 4.30 Jackanory. 4.55 The Monkees. 5.20 Soper at Large and the Sussex Down. 5.45 News. 5.50 Your Reason To-night. 6.20 Laurel and Hardy in "Chickens Come Home". 6.50 British Film Night: "Carrington VI," starring David Niven and Margaret Leighton. 8.20 Seven of One, starring Ronnie Barker. 9.00 Nine O'Clock News. 9.25 The Commanders, Part 3: Georgi Zhukov, Marshal of the Soviet Union. 10.15 Film 73. 11.40 Late Night News. 11.45 Where Do We Stand... on Personal Morality. All Regions as BBC-1 except at the following times: Wales—8.20-8.44 p.m. Telewale. 8.40-8.50 Wales Today. 8.50-9.00 BBC Wales. 10.15-10.45 Pass The Buck. 11.21 a.m. News of Wales. Scotland—6.00-6.20 p.m. Report Scotland. 10.15-10.45 Festival

## F.T. CROSSWORD PUZZLE No. 2259



**ACROSS**

1 Worthless weapon returned to a politician (6)

2 Cartoonist follows a vehicle in the mountain (6)

10 Quiet Scot is found in the river (5)

11 Permanent ways to be seen at Wimbledon (4-5)

12 C.O. in Crete turns to refreshment (3-6)

13 Mound accommodates Kay and Oliver (5)

14 Pre-war axe-man (6)

15 Marine circle can be scorching (7)

16 Russian colonel gets at the British soldier (7)

20 A yacht refitted in China (6)

22 Gold coin saves a couple of shots (5)

24 An expert in discount is a sounder (9)

25 The chief attraction from which the best people come (5-6)

26 Sounds keen, but is actually a bore (5)

**DOWN**

1 A good bet for relatives at table (6)

2 Resurrection in Kent? (9)

3 Expresses the attitude of the doubting Thomas (3, 4, 2, 2, 4)

4 Sailors with money in tattered clothing (7)

6 Leguminous twisp (2, 4, 2, 3, 4)

7 Fruit gives a fellow spirit (5)

8 Anything on them is nearly worn out (4, 4)

9 Africans get us to diet (6)

16 "And you pick 'em all up—" (Colombian) (2, 1, 6)

17 College includes an upset worker from the east (8)

18 How far that little candle— (M.O.V.) (6)

20 What the French soldier puts in his pipe (7)

21 An epic hero (6)

23 Empty talk about physical training is wide open (5)

the 27th Edinburgh International Festival. 12.12 a.m. Scottish News Headlines.

**Northern Ireland—6.00-6.20 p.m.**

Scene Around Six. 10.15-10.45 The French Way. 11.21 a.m. Northern Ireland News Headlines.

**England—6.00-6.20 p.m.** Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight (from Plymouth); South West (from Plymouth); Northern Enquiry; North West (from Manchester); Fells, Becks and Sea Shores; North East (from Newcastle); Jeux Sans Frontiers; Midlands (from Birmingham); Contact West (from Bristol); The Hart Interview; South West (from Plymouth); Peninsula South (from Southampton); 10.15-10.45 Racing Round the World; East Anglia (from Norwich) on Camera. 11.21 a.m. Regional News Headlines.

**BBC 2**

11.00 a.m. Play School. 7.30 News Summary. 7.35 Collector's World. 8.00 Hills and Valleys. 8.10 Hills and Valleys. 8.20 Hills and Valleys. 8.30 Hills and Valleys. 8.40 Hills and Valleys. 8.50 Hills and Valleys. 9.00 Hills and Valleys. 9.10 Hills and Valleys. 9.20 Hills and Valleys. 9.30 Hills and Valleys. 9.40 Hills and Valleys. 9.50 Hills and Valleys. 10.00 Hills and Valleys. 10.10 Hills and Valleys. 10.20 Hills and Valleys. 10.30 Hills and Valleys. 10.40 Hills and Valleys. 10.50 Hills and Valleys. 11.00 Hills and Valleys. 11.10 Hills and Valleys. 11.20 Hills and Valleys. 11.30 Hills and Valleys. 11.40 Hills and Valleys. 11.50 Hills and Valleys. 12.00 Hills and Valleys. 12.10 Hills and Valleys. 12.20 Hills and Valleys. 12.30 Hills and Valleys. 12.40 Hills and Valleys. 12.50 Hills and Valleys. 1.00 Hills and Valleys. 1.10 Hills and Valleys. 1.20 Hills and Valleys. 1.30 Hills and Valleys. 1.40 Hills and Valleys. 1.50 Hills and Valleys. 2.00 Hills and Valleys. 2.10 Hills and Valleys. 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# Sleep of Reason

by B. A. YOUNG

Sleep of Reason, devised by nine writers to a plan by Jack Shepherd, is a heart-felt examination of madness—too heart-felt, perhaps, for the flood of sympathy and indignation drowns anything constructive in the argument. Madness is the most pathetic of human conditions but there is little point in crying out against it without adding some mite of comment.

One scene, a cleverly played bit of mock music hall, lays the still current belief that madness is funny and I found myself thinking that even this was at least a positive attitude. To laugh at taboos, as we are beginning to do in this age of black comedy, might prove to be a means of exorcising through laughter the fears that lurk in the unconscious.

There are two parallel lines in the play. In one we follow the progress of an English girl bludgeoned into a nervous breakdown by the ceaseless flow of brutal and distressing news from the papers. In the other we see how a good Russian workman infected with "reformism," that is with a desire to opt out from a society that he finds inhospitable, is thrown into a mental hospital with a diagnosis of "creeping schizophrenia."

Like a frame around the collage of these two stories appears the figure of Goya, whose character displays at the same time deep compassion and curious irresponsibility.

The play is undeniably moving—what a pathetic portrayal of madness could be anything else?—but I missed a sufficiently cogent theme. The reactions are too familiar, our own simple reactions, in fact, illustrated for us, with no searching beam of discovery played on them. The acting is admirable throughout, with special credits for Merelina Vandone as the dissident Russian Susan Tracy, in a variety of parts and Anthony Haygarth as Goya (if you can allow that Goya may be played as a rough provincial man who calls his drawings "dorrings").

# Drums in the Night

by MICHAEL COVENEY

It is strange that the Traverse should present as a major offering this year Brecht's early anti-romantic play about a soldier who returns from the first World War to claim his fiancée. The play really retains little interest for a contemporary audience beyond indicating the petty bourgeois mentality of a soldier who turns his back on the lessons of the Russian revolution, and peevishly asserts his masculinity and draws his girl away from him. Stranger still that director Roland Rees should so muddle the production with surface gimmickry that whatever lives in the play is rendered still-born in the hands of the performers.

The entire second act, where the soldier (Stephen Rea) confronts Anna (Peta Markham) as she dances in the night club, is a brilliant piece of acting, but the production is almost impossible to follow due to the amateurish and irritating two-note doodling from a bar pianist who ceased only to appear two seconds later as an assassin from the rioting in the street. This is improved slightly as Stephen Rea clarifies his position in the mill scene; his poeticism has proved an insuperable obstacle to revolutionary fervour, and he eventually walks away with Anna as the noise continues to gather outside.

The adaptation of the play by C. P. Taylor is certainly fluid, but he manages to invest the play with a kind of theatricalistic passion, and the noise continues to gather outside.

The adaptation of the play by C. P. Taylor is certainly fluid, but he manages to invest the play with a kind of theatricalistic passion, and the noise continues to gather outside.

# Davis & Perahia

by DOMINIC GILL

Two outstanding young musicians, both still in their twenties, came together at Saturday's Prom to give a brilliant performance of Chopin's E-flat major concerto. Andrew Davis, the newly appointed Associate Conductor of the New Philharmonia, and Murray Perahia, the young American virtuoso, were the soloists. Davis, a brilliant performer, and at the same time a curiously unaffectionate and unattractive one.

The E-flat major concerto is one of Chopin's most purely virtuosic essays: there is nothing so disconcerting as to hear a pianist, trying his second best, instead to make it "expressive." But on Saturday it was as if Davis and Perahia, at the other extreme, had decided that the concerto was no more than a pretty pattern of notes to be executed as beautifully, rapidly and neatly as possible. Davis's orchestral introduction was hardly majestic, fast and dry, full of sudden, hurried accents, and in the first movement Perahia chose to ignore most of the sforzando, con forza, and minor piano markings in his search for the technically near-perfect finger-exercise. His playing had a certain clarity and rhythmic drive, but it was wrapped up in a strangely unconvincing air of nonchalance.

No matter: the poetry of the piece, no doubt, can wait for later seasons for investigation by this (on past form) most poetic of young pianists. For the rest of their programme Davis and the NPO gave a well-wrought account of Haydn's prelude to The Creation, and a sympathetic, nicely-shaded one of the overture and Venusberg music from Tannhäuser. I liked their account of Beethoven's fourth symphony less, intelligent but tentative, without very strong lines of character or purpose. In all, a good if unremarkable evening.

# Lucerne's jubilee

by RONALD CRICHTON



Wagner, during his happy years at Trieschen just outside Lucerne, flirted with the idea of a lakeside festival opera house. The sudden materialisation of his dreams in a different setting, at Bayreuth, caused him to leave Switzerland for Germany. Some 80 years later a more sinister upheaval in Germany led incidentally to the founding of the Lucerne Festival. By 1938 many leading musicians were banned for racial reasons from German musical life. Others, like Toscanini, made their own gesture of refusal. The shadow fell on Austria, and therefore on Salzburg. Lucerne, like Salzburg, is an ancient, romantically beautiful city, with good communications. No doubt the local enthusiasts were well aware of the advantages of a second festival in Switzerland, and the prime motive was to provide a platform for great musicians excluded from other German-speaking lands. Toscanini, who had turned his back on Bayreuth and Salzburg, conducted the main concert of the first Lucerne Festival in the garden of Trieschen. The orchestra included the members of the Busch Quartet.

It was not quite what Wagner dreamed of: Lucerne has a small theatre, but no regular opera house. From the beginning this festival has been mainly dedicated to orchestral and chamber music. During the war, international touring of orchestras being reduced to a minimum, the needs of Lucerne had to be met from near home. The result was the founding in 1948, with the assistance of Fritz Busch, of the Swiss Festival Orchestra, which only performed at the Festival, and is re-formed every year from Swiss resources. 1973 brings a double jubilee—25 years of the Festival, 30 of the orchestra, which still shares the cake with such distinguished visitors as the Philharmonics of Vienna and Berlin.

# Dutchman

by B. A. YOUNG

Dutchman is a short and simple analogy of the relations between the black and the white races, as seen through the eyes of an urban American black man, who is what the author, Leroy Jones, is. As a white Anglo-Saxon Protestant (more or less) I naturally think it unfair, but when I look around at the activities of the white race in today's world I am not surprised that this is how we strike people. I think the play is really meant as a call for insurrection; if it will serve at least as a sign of regret, then it makes a useful point.

A white girl (Roberta Iger) and a black man (Wayne Browne) sit beside one another in the subway. She embarks on a determined course of mockery; she mocks him for being "an escaped nigger," she mocks him for being an imitation white man, she taunts him with sexual invitations. Naturally enough, he ultimately rises in indignation and tells her of the fundamental contempt the blacks have for the whites, how Bessie Smith or Charlie Parker would never have made a note of music if they could have killed a few of the whites. The girl, glancing around the carriage to gain the assent of the other passengers, smiles. As soon as the affair is satisfactorily swept out of sight, she begins again on the next black man to get into the train.

The director, Martin J. Houghton, seems to me to have tried too little to maintain visual interest in the young couple as they sit for so long side-by-side in the train, and too much to arouse an unnecessary interest in the other passengers, who are not only provided with individualities, but happy, drunk, labouring, working-class—but allowed to act out little cameos of their characters. Their only function is to assent to the climactic knifing, and if they act they distract attention from the main piece of writing. Still, it is a telling production enough, and sits well in the theatre-cum-restaurant ambience of the Howff, which stands conveniently at the Chalk Farm end of Regent's Park Road.

# Byrd and baroque

by MAX LOPPERT

Friday's Prom was one of those "get-it-all-in" compilations beloved of Prom programmers: 16th-century Italian and 17th-century English baroque pieces; a Byrd mass; an overture, violin concerto and choral psalm from the "grand siecle" of French baroque music; and Bach's D-major Prelude and Fugue to round it off. I don't think these programmes are a good idea (though the pleasantly large audience turn-out shows general disagreement with me): too many small pieces, by too many composers, given by too many different groups of performers—and the thread of concentration can be felt to snap, usually by about half way.

This is not to say that good things, and good performances, weren't there to be enjoyed. Indeed, Byrd's five-part Mass was sung beautifully enough to make me regret powerfully that in this, his 350th anniversary year, all of the concert's first half could not have been given over to his music. As it was, the Mass towered over its surroundings, for its combination of quiescently Byrd, unique in the history of mass settings, of introspective melancholy, of suppliant power and rap, serene calm.

Michael Howard and his Cantores in Sceleris were overawed by the dark-toned passion in the music as some performers can be: tempi were steady, dynamics sensible, attitudes to phrasing straight-forward (apart from one or two rather prissily drawn-out cadences).

The brass pieces were the province of the Philip Jones Brass Ensemble, who seemed to be having something of an off-night, to judge from the splashy playing in the Lappi canzona and the sedately dull rendering of Giovanni Gabrieli's grand, sonorous Sonata pian e forte. A similar spirit affected Denis Stevens and his Accademia Monteverdiana in their opening performance after the interval of Charpentier's Overture pour le Sacre d'un Evêque. What should have been grand, stately and distinguished (as would befit the consecration of a 17th-century French bishop) emerged as bland, tired and rather sloppy (it wasn't that hot in the Albert Hall).

Much more enjoyable was Jean-Marie Leclair's A-Major Violin Concerto, with a soloist, Levon Chingirian, who so delighted in its rococo galanterie and winning decorative charms that he made us delight in it, too—and forced us to forget the odd ill-tuned phrase or less-than-potent high note. Most interesting of the Accademia's items, and enjoyable, too, was the Psalm, Deus noster refugium, by the Abbé Pierre Robert, Master of Music at the Versailles Chapel in mid-17th century, and obscure enough as a composer not to merit an entry in either Grove's or Everyman's. The work proved to be massively dignified, as one might expect, and, more surprisingly, beautifully varied and interesting in material and mood.

# RSC at the Aldwych

The RSC's next production in their 1973-74 season will be the return of Harold Pinter's *Land* in a double bill with *In a Slight Ache* on October 17. *Land* is a revival of Peter Hall's 1969 Aldwych production with Peggy Ashcroft and David Warner. As before, it is designed by John Bury with costumes by Beatrice Dawson. Peggy Ashcroft and David Warner are joined in *In a Slight Ache* with the RSC for the first time. The play is directed by Peter James and designed by John Bury in association with Brenda Hartill and Gwyn Woolfenden. The cast will be announced at a later date.

# SPORT: CRICKET

## Humiliated England face a cold Caribbean winter

BY TREVOR BAILEY

AS EXPECTED, the West Indies thrashed England, but the size and completeness of this defeat—an innings and 226 runs—was a humiliation, because the 25-year-old England team, which has been playing against a good bowling attack, has been playing against a good batting attack. For the second time in this entirely one-sided contest, Keith Fletcher was the only batsman to display the ability expected at this level.

The English selectors are in a very difficult position. Not only has their team been outplayed in every department, but they now have to find a side to beat a vastly improved West Indies in the Caribbean this winter.

Although it is easy to criticise them, it is an entirely different matter to find a preferable alternative. Their first decision concerns the captaincy. Although Ray Illingworth cannot be held responsible for England's debacle, a case could be made for saving our hero's not good enough and rambling on an entirely false approach, repeated foolishly with varying degrees of success.

Three batsmen

Strangely, there are a large number of possible candidates for this vital job, but the majority suffer either from Anno Domini, or lack of class as players.

In sharp contrast, there is a marked absence of batsmen and few bowlers of proven Test calibre. We have the seamers and

# TENNIS

## Overwhelming U.S. win for 50th Wightman Cup

BY JOHN BARRETT

AS EXPECTED, the 50th-anniversary Wightman Cup meeting resulted in another overwhelming U.S. victory by a margin of five matches to two. Appropriately the meeting was held at the Longwood Cricket Club, a leafy corner of Boston, Massachusetts, near the home of the donor of this beautiful trophy, Hazel Hotchkiss Wightman.

The irrepressible Mrs. Wightman, now 88, was playing host to a number of past captains, who obviously enjoyed the chance of re-living past glories as they watched the U.S. record a 38th win in the series, which last saw a British victory at Wimbledon in 1968.

Any hopes of a British success were extinguished on Friday night, when both singles were lost. The tie opened with the match between the two team leaders, and resulted in victory for Chris Evert's pinpoint passing shots against Virginia Wade's unco-ordinated attack.

The 6-4, 6-2 margin reflected the true difference between these two accomplished players on the ultra-slow United turf that holds the ball on every bounce and makes it so difficult to attack through pace alone.

When Patti Hogan overcame a minor crisis against her recent conqueror, Veronica Burton, to take the first set 6-4, the writing

# YACHTING

## A lesson in tact

BY ALEC BEILBY

BRITISH YACHTSMEN, like in turn, was illegal and the shambles were fast establishing a reputation for organising inter-mile Olympic course started in the prizes disappear abroad. As thick fog, was equally illegal. He organisers there are none who would doubt that the British are the best, but as competitors the story is less happy.

Immediately following the Admirals Cup series it was the turn of the smallest yachts of the off-shore fleet, rating no more than 18 feet, but varying in length from 20-27 feet, to hold their own in a series for the Quarter Ton Cup and for the past week 37 yachts from seven nations have been sailing a series of five races at Weymouth on a boat-for-boat basis.

The French, who have been dominant in the smaller classes since economy-size yacht racing became popular, were defending the trophy, but it was the New Zealand-designed and American-built Elythene that won the week's last holding her own by two points in the final race, at tender Laurent Cordelle's new yacht Chien Jaune from La Rochelle.

The week started with British chances looking encouraging and undertones of disagreement among competitors, many of them top-flight dinghy sailors with finishing mark and gunner in their hands. The French, claiming their sails were damaged, refused to race, and the British, claiming their sails were damaged, refused to race.

Among these were Jack Knight, sailing Odd Job, who has mitted boats at every mark of representing from French to single-handed trials in the races.

In fact, the wind held and the French, claiming their sails were damaged, refused to race, and the British, claiming their sails were damaged, refused to race.







# Nothing in the world can prevent industrial fires starting.

Fires have always happened, are happening now, will continue to happen. No building is safe from, or immune to them.

An outbreak of fire can be just a temporary nuisance, or a total disaster.

Below you can see why. Taken nationally, fires are always a disaster. On average, the total cost is £500,000,000 every year.

Simply because industry fails to protect itself.

We all pay for this. With loss of material, loss of production capacity, escalating rates, higher rents and prices, the social costs of those made unemployed by bankrupted businesses.

Fire damage can be kept to a minimum by automatic fire ventilation.

So companies won't go bust.

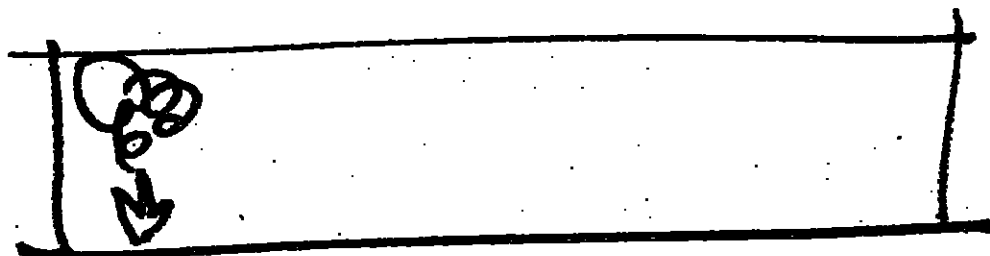
People will still have jobs. And we'll all be a little better off.

The Colt automatic fire ventilation system, which also gives the additional benefit of day-to-day ventilation, can cost little more than a man collects in a year on the dole.

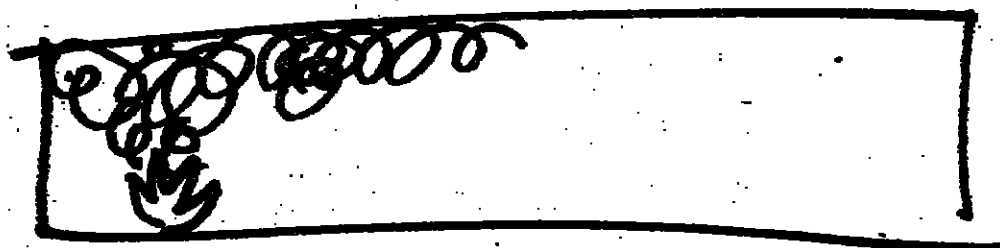
A survey to establish this costs nothing.

Colt International Ltd. (Heating, Ventilation & Industrial Access), Havant, Hants. Havant 6411. Telex 86219.

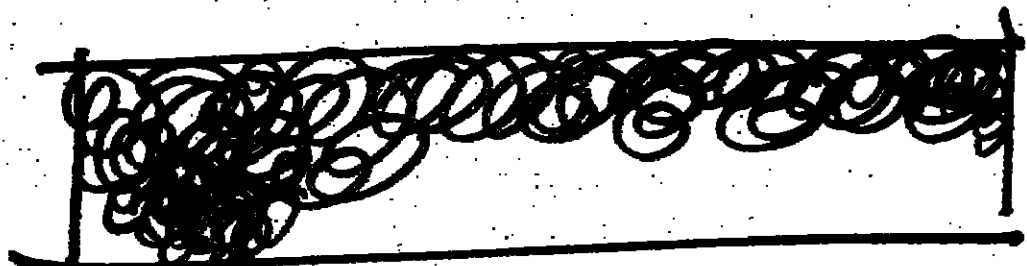
## A building with no fire ventilation.



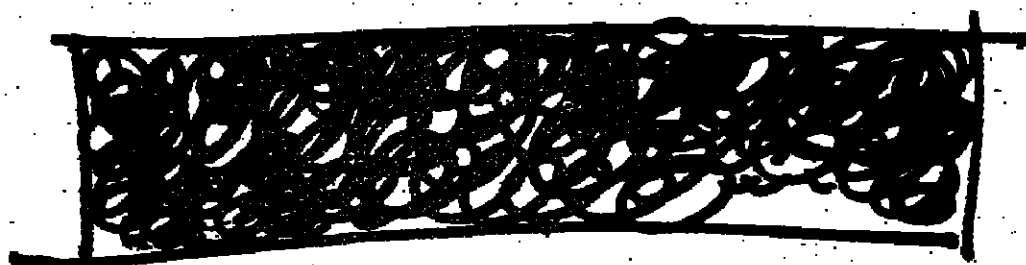
The start of a fire.  
The cause, accident or malice.



1 minute. Flame and smoke unable to escape, spread further than if the fire were vented.

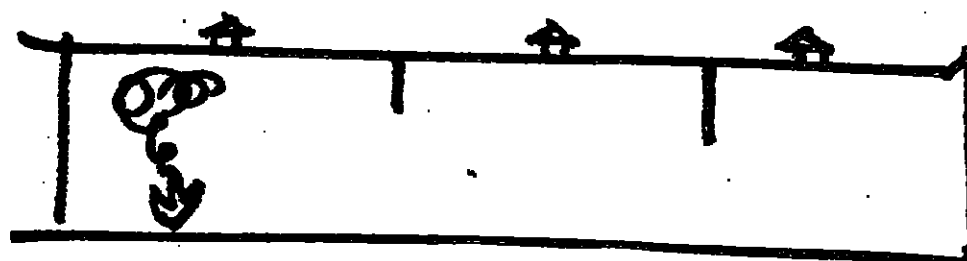


2 minutes. Already the source of the fire is obscured, hampering and endangering fire fighters. Even if they're this quick in responding.

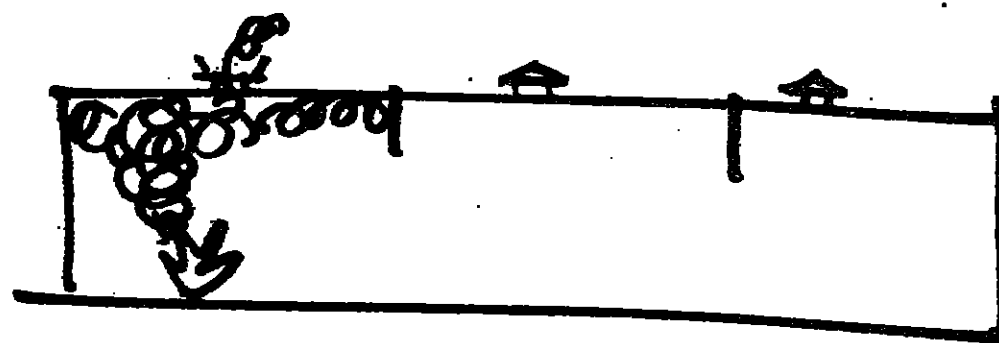


3 minutes. By this time, smoke from even a 10 ft x 10 ft fire has completely blacked out a 200,000 cubic foot building. Effective fire fighting is now made impossible, resulting in enormous water as well as smoke damage.

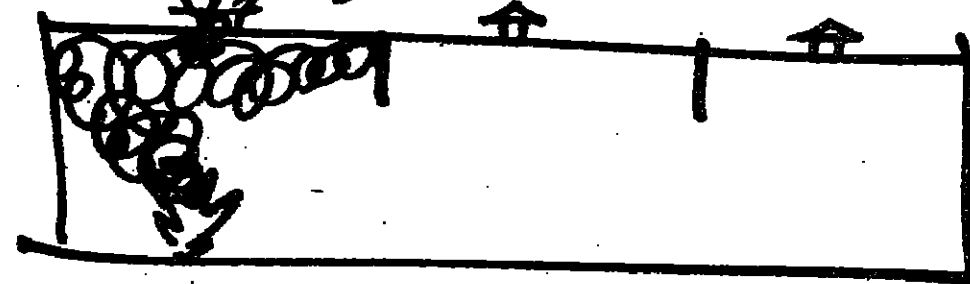
## With fire ventilation.



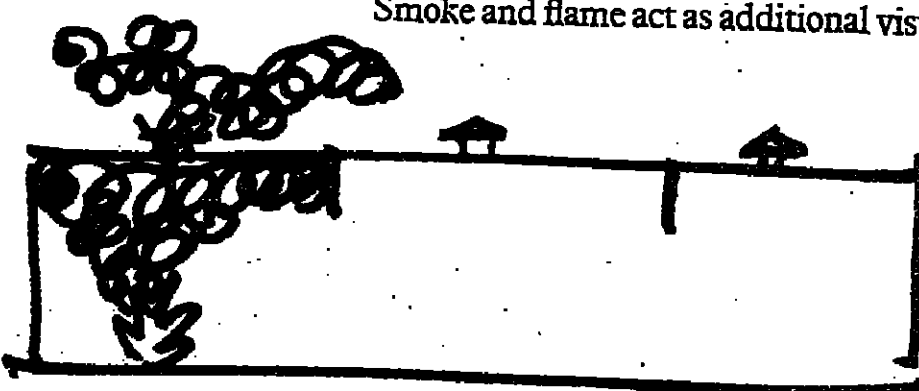
A fire starts.



Rising heat and flame trigger the fusible links of fire vents, at a pre-set level. Or, vents are activated by smoke detectors.



Smoke and flame act as additional visual warning.



The source of the fire remains visible allowing fire fighters to deal with it swiftly and systematically. Damage is kept to a minimum.

Colt automatic fire ventilation.



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## Courtaulds to make new form of spun vegetable protein

BY JUSTIN LONG

A FURTHER development in the factory-made protein industry—which is still in its infancy—will shortly be made when Courtaulds makes available a new dehydrated and vegetarian version of Kesp, its pre-cooked, meat flavoured product.

Still to be completed are marketing plans for the new form of spun vegetable protein, which is expected to have wider applications and be easier to store and retail than a pre-frozen product.

If the remaining planning goes as well as is hoped marketing arrangements should be ready for announcement sometime in the autumn.

Other indications of the advance being made in the factory-produced protein field can be expected in the next few months.

In the animal-feed sector, British Petroleum hopes to be able to announce, perhaps by the end of the year, the start on the construction of its 600-ton plant for a large protein plant at Sarnoch, Sardinia.

This project is being undertaken by BP and ANIC, through their jointly-owned company, Italprotein. The plant is expected to go into production in 1975.

ICI has yet to make a final decision on its own recently announced proposal for the construction of a £15m. plant—probably on Teesside—to produce 100,000 tons annually of high-grade protein feedstuffs for animals from North Sea gas.

"The evaluation work is going well and the main board's decision is expected early next year,"

an ICI spokesman said at the week-end.

With new-style nutrients being taken more and more seriously in the food manufacturing industry, the Food Standards Committee is reviewing non-traditional proteins, and its study would certainly include the adequacy or otherwise of the present controls over the composition of foods and of labelling regulations.

The Committee is expected to report to the Minister of Agriculture towards the end of the year.

There does not appear to be any reason for supposing that amendment of the Food and Drugs Act or drastic revision of regulations would be needed.

"Existing legislation is not designed to restrict the introduction of new foods," a Ministry spokesman said. "It is only designed to safeguard the consumer and where necessary, to govern the composition and labelling of food."

Meanwhile, a three-day international conference opens in Hamburg tomorrow, at which scientists will discuss the advances made in protein research. Leading manufacturers in the U.K. food and beverage industries will be represented at the conference.

Dr. Ian Morton, head of the food science department at Queen Elizabeth College, London, who is editing the conference papers for publication, said: "The new proteins could be a real breakthrough in the food situation during the course of the next 15 years."

## Godber gives pledge on EEC farm policy

BY DAI HAYWARD

WELLINGTON, August 27.

BRITAIN HAS no intention of trying to destroy the EEC Common Agricultural Policy from within, Mr. Joseph Godber, British Minister of Agriculture, told the New Zealand Institute of International Affairs here.

However, Britain and the whole Community recognised they were dealing with a developing situation. This meant that detailed workings of CAP must be re-examined to ensure they were meeting objectives and to see what improvements could be made.

"It is clear, I hope, to all of us in the Community that some improvements are required," Mr. Godber said. That was why the Community had committed

itself to a review of CAP during the next few months.

Europe was anxious that the achievement of CAP's objectives was not at the expense of the New Zealand situation.

"Changes will be evolutionary, not revolutionary," Mr. Godber said. "World agricultural production and trade policies needed to be kept under review. Individual countries could no longer hope to solve their problems by themselves. A global approach is now required."

"Fluctuations in dairy product situations, the emergence of an acute beef shortage and the dramatic turn-around in the world grain situation all point to the need for importing and exporting countries to work more closely together. The far-reaching results of the current world grain situation have not yet been fully felt in Britain or many other countries."

Referring to the forthcoming GATT talks in Tokyo, Mr. Godber said it would not be easy to find solutions covering agriculture as well as industry, but Britain and other EEC countries had agreed agriculture must be included in those discussions.

In what could be regarded as something of a reprimand to New Zealand importers for turning to other countries for goods which the U.K. could supply, Mr. Godber said: "You must realise we attach just as much importance to your industrial market here in New Zealand as you do to our agricultural market in your country."

He also stressed the need for stability in agricultural trade. At present, instability played havoc with the economic planning of importing and exporting countries. There were no quick solutions, but there was an urgent need to start work on finding them.

Mr. Godber said he was convinced a large potential market existed for New Zealand lamb in Europe. "In time, there will probably be some form of market organisation in Europe to encourage EEC lamb production, but this will also encourage consumption. This will be to New Zealand's advantage."

One of the loudest voices is the Ramblers Association, which has 26,000 members and 430 affiliated clubs. It fears that maps popular only with amenity or civic societies but with no wide sale—the 2½ inch to the mile series—will be abandoned.

Last week, the Countryside Commission urged the Government to ensure that these maps are continued.

Professional organisations, which have already made strong representations to the Government and are now in consultation with the Ordnance Survey over plans for its future, include the Royal Institution of Chartered Surveyors, the Royal Town Planning Institute and the Institution of Civil Engineers.

The Royal Institute of British Architects, reinforcing these representations, is calling this week on its 100 regional and branch organisations to take up the campaign with Ministers and MPs at national and local level.

Their main fear is that changes proposed for the national survey and mapping service will mean the eventual extinction of the "bench mark" system.

This is a national network of precise height marks found on the outside of buildings, on which most survey calculations are based.

The RIBA circular to its members draws attention to the warnings given earlier this month by Major-General R. Brown, a former director general of the Ordnance Survey, that within a few years the tertiary level height-bench marks—system would have "fallen into decay and become useless."

A warning is given against the apparent "cost-effective" approach to be adopted by the Ordnance Survey. It is argued that in time this could mean the end of the important mapping and survey services, which could be shown to be unprofitable.

A major grievance of architects is that the Minister took decisions based on a "secret" report. Also, when the major review of Ordnance Survey operations was being conducted, no formal consultations took place with professional bodies such as architects, planners, surveyors and engineers, nor has the report of the review been published.

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## Demand for executives 'still at record level'

BY JOHN TRAFFORD, MANAGEMENT EDITOR

DEMAND FOR executives, the index for the U.K. in the second quarter of this year, at which reached record levels during the second quarter of the year, is showing every sign of having stayed buoyant during the normally slack months of July and August.

The Department of Employment's Professional and Executive Register reports that vacancies in its books are at an all-time peak and that the rate of filling jobs is now almost double that of a year ago. Most of the jobs handled by the Register fall in the £2,000-£2,500 category.

Further up the market, MSL, the management selection consultants, says its monthly index for vacancies advertised in the national Press in July was, like that of June, the highest for that month since the index was started in 1959. August has also been unusually busy.

Compared with July, 1972, demand for personnel specialists was 200 per cent up in July this year. Computer staff (up 172 per cent) and production managers (up 161 per cent) were also much in demand.

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It seems certain that the serious graduate unemployment which developed in 1971 and 1972 will not be recurring this year.

The company comments that the figures pose the question of whether economic activity and demand for executives necessarily march hand in hand.

Part of the increase in U.K. demand is undoubtedly caused by the Government's incomes policy. This has meant that the quickest way for an ambitious man to get a substantial salary rise is to change his job.

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## Japanese export cut hits world plastics supplies

BY OUR FOREIGN AND INDUSTRIAL STAFF

THE WORLD plastics supply situation is likely to be aggravated by the Japanese industry's decision to slash exports by as much as two-thirds over the next few months.

The shortage of plastics in Japan, partly caused by increased domestic demand and perhaps hoarding by wholesalers, is such that the industry is giving priority to domestic needs, despite bitter complaints from customers in China, South Korea, Taiwan and Hong Kong.

The shortages have been sending prices up for such items as housing construction materials and water pipes at what is described as a "fantastic rate."

Prices of plastics are now between 15 and 20 per cent higher than a year ago. Polystyrene has risen from 100 yen a kilogram to 118 yen, and is expected to rise even higher this autumn.

The Japanese situation is aggravated by the fact that the industry is working considerably below capacity. Several large plants have stopped operation completely or curtailed production.

An explosion in the Tokuyama complex of the Idemitsu Petrochemical Company also hit the supply of basic chemicals.

It is thought low-capacity output in the industry may continue at least until the end of the year, and two more years may elapse before shortages are made good.

Major petrochemical companies would undoubtedly like a price rise to compensate for shortages to finance new production and divert material to the U.K. Small processors, worst hit by the shortage, would ironically—also welcome higher prices. The shortfall between supply and demand has already given rise to hoarding and "black market" prices.

The report—the summary of the latest comprehensive review of the industry—says suppliers of already rationed materials, in some cases to 50 per cent of existing usage. Small buyers, without fixed contracts face much bigger cuts in supplies.

West German industry too is faced



## OVERSEAS NEWS

Crisis in Libya  
Egypt merger

BY IHSAN HIJAZI

BEIRUT, August 27. THE LIBYAN leader, Col. Khedafi, has expressed his pessimism about the chances of the projected merger between his country and Egypt, which is supposed to be submitted to a referendum on September 1.

In an interview published here today, he declared: "The situation is still unclear. Five days are not enough for taking a historic decision."

The interview was with the Cairo correspondent of the leading Beirut daily, Al-Nahar. Col. Khedafi and his Premier, Abdel Salam Jalloud, flew to Cairo on Sunday and moved into a second-class hotel. They had not yet met Egyptian President Sadat in advance of their intended visit to Cairo, reported today that Col. Khedafi was prevailed upon last night to move into the guest house at Quba Palace. He has met Vice-President Hussein Shafiq and Vice-Premier Abdel Kader Hatem.

Col. Khedafi in his statements in Al-Nahar disclosed that the Libyan leadership had rejected a draft formula submitted this month by President Sadat for the proposed union between his country and Egypt. He said he

suggested that two plans be submitted to the referendum, one by Libya and the other by Egypt, and that the one which receives the majority of votes should be adopted.

President Sadat, he said, rejected the idea and insisted on a joint Libya-Egyptian draft. Col. Khedafi said the Libyan and Egyptian ideas on unity are irreconcilable at present.

It will be recalled that Col. Khedafi had proposed an immediate merger with Egypt while Egyptian leaders opted for a union in stages. Asked if failure to establish unity would lead to a boycott between the two countries, Khedafi said he did not know.

Informed sources here believe the Libyan leader wanted to get Sadat's answer to the union so he may decide what to say in the speech Khedafi plans to deliver on September 1 on the occasion of the fourth anniversary of the Libyan coup which brought him to power.

The sources said if Khedafi was not able to give the Libyans union with Egypt he would turn his entire energy to putting the pressure on the foreign oil companies operating in Libya.

## Comecon move on EEC

BY HILARY BARNES

COPENHAGEN, August 27.

AN INITIAL move to establish co-operation between Comecon, the Communist countries' Council for Mutual Economic Co-operation, and the EEC, was made here today by the Comecon Secretary General, Mr. Nikolai Noergaard.

Mr. Noergaard told the Press that he saw two principal problems for relations between the EEC and Comecon. First, they had different institutional set-ups. Second, there was the question of how to increase mutual trade while at the same time ensuring some kind of reciprocity.

At an unofficial 45-minute meeting with Denmark's Common Market Minister, Mr. Ivar Noergaard, currently Chairman of the EEC Council of Ministers, he proposed that the two organisations should appoint delegations to discuss the establishment of closer contacts.

Mr. Noergaard said he would convey the Comecon proposal to the next meeting of the Council in Brussels on September 21-22. Mr. Fadeyev's meeting with Mr. Noergaard was seen here as an important new stage in the Communist bloc's reconciliation to the fact of the EEC's existence.

It follows Soviet Party leader Leonid Brezhnev's speech of last New Year's Eve in which he said that the EEC had to be recognised as a European reality. In July, Mr. Kosygin, the Soviet Premier, informed Mr. Gaston Thirt, Luxembourg's Foreign Minister, while on a visit to Moscow, that Mr. Fadeyev had been authorised at a June meeting of Comecon ministers, to contact the EEC at a suitable time.

## B-52 crew disciplined

GUAM, August 27.

THE U.S. Air Force has issued a letter of reprimand and fined the radar navigator of a B-52 which accidentally bombed the Cambodian town of Neak Luong earlier this month. The Air Force stated at its American base here today.

A spokesman for the Eighth Air Force said Capt. A. Brumfield, the navigator, was also ordered to forfeit \$350 for two months. Three other officers were also disciplined as a result of the investigation into the bombing disaster, the worst of the Indochina war, which killed 137 persons and wounded 265 others.

From Phnom Penh, Reuters reports: Lt. Gen. Sirk Matak, a Cambodian Government leader, political sense because there was today left open the possibility that a Government delegation

ATLANTIC SPEED  
RECORD BROKEN  
BY CARGO SHIP

A transatlantic speed record for a cargo vessel has been broken by Sea-Land Exchange, an S-L-T class container ship operated by Sea-Land Service, Inc., a subsidiary of R. J. Reynolds Industries Inc.

The Sea-Land Exchange steamed into Rotterdam after making the crossing from New York in just three days, 18 hours and two minutes, representing an average speed of 32.21 knots. The east-bound speed record was previously held by two of the same company's sister-ships—the Sea-Land McLean and the Sea-Land Galloway.

Brandt  
concern at  
strikes

By Malcolm Rutherford

BONN, August 27.

CHANCELLOR BRANDT is now actively involved in discussions on the unofficial strikes which have been troubling the West German engineering industry for the past few days, and which have now stopped production at the Ford plant in Cologne.

The Chancellor spent much of the day discussing the situation with industrial leaders at the Frankfurt Fair and returned to Bonn for talks with the relevant ministers this evening.

To-day the Ford plant was easily the worst hit and about 12,000 workers were sent home in order to prevent incidents. The trouble began last Friday when a number of Turkish workers protested against a dismissal of about 300 of their compatriots for overstaying their holidays.

The situation at the Opel plant in Bochum, however, is reported to have improved, but it stopped short of a full return to work.

Bayer AG has joined West Germany's other two chemical majors—Hoechst and BASF—in reporting slower growth in the second quarter, but still generally satisfactory results.

First-half net profits of the parent company were 16.2 per cent, up to DM165m, after having been up 21.3 per cent in the first three months. A Bayer spokesman said to-day that profits for the year as a whole should be up in 1973 when the company netted DM1338m.

Shell, Unilever top  
league outside U.S.

BY NICHOLAS COLCHESTER

NEW YORK, August 27.

THE ROYAL DUTCH SHELL group still holds easy sway as the largest company outside the U.S. With sales last year of \$14,000m. Shell was followed in Fortune magazine's latest ranking by another Netherlands-British company, Unilever, with sales of \$8,800m.

In world terms, Shell would be the fourth largest industrial company with a turnover less than those of General Motors, Exxon Corporation, and the Ford Motor Company.

The order of companies outside America last year ran: Shell, Unilever, Philips, Glaxo, Nippon Steel, Volkswagenwerk, Siemens, Hitachi, Imperial Chemical Industries and Toyota Motor.

Among this top 10, Philips overtook British Petroleum, Nippon overtook Volkswagen, Hitachi passed ICI and Toyota Motor joined the 10 while Nestlé left it.

The Fortune list covers 300 non-American industrial companies and reports that they all benefited from a world-wide business boom last year with combined sales rising almost 19 per cent, and profits 14.5 per cent. Out of the 300 companies, more than one third had 1972 sales of over \$1,000m.

The four companies with the fastest increase in sales—reflecting mergers as well as increase in turnovers of existing businesses—were Estel, the steel company that was formed out

Compac in  
joint Finland  
plant plan

AN AGREEMENT involving a

joint investment of more than \$15m, over the next three years, has been announced in London and Helsinki by Compac International, a subsidiary of Compac Corporation, of Newark, New Jersey, and Oy Tilgman AB, one of Finland's leading commercial printers.

The agreement is to establish a manufacturing company, Oy Compac AB, and a separate marketing company, Oy Klean-Suk AB.

Oy Compac AB will manufacture Klean-Suk self-adhesive products at a custom-built paper coating plant—the first of its kind in Finland—at Jyväskylä, a Government development area some 270 km north of Helsinki.

These products, together with the Label-Aire applicator, will be marketed throughout Scandinavia, East Germany, Poland and Russia by Oy Klean-Suk AB, based in Helsinki.

New Chile Cabinet may  
exclude armed forces

BY HUGH O'SHAUGHNESSY

SANTIAGO, August 27

THE FOG of political crisis in Chile, though still thick, lightened a fraction today with reports that a new Cabinet will be formed soon by President Salvador Allende and that there is a distinct possibility that the month-old road transport strike may be settled shortly.

Government sources said that President Allende is to announce a new Cabinet in the next few days which this time will not include any representatives of the armed forces. This follows the gradual collapse last week of the "National Security Cabinet" announced by the President on August 8.

The Cabinet was greatly weakened by the resignation of General Carlos Prats, a trusted associate of the President, from his post as Commander-in-Chief of the army and Defence Minister.

General Prats' departure had been preceded by the resignation of General Cesar Ruiz as air force commander and his replacement as Minister of Public Works and Transport by General Humberto Magliorini.

The position in the Cabinet of Admiral Raul Montero, the navy Commander-in-Chief who was named Finance Minister on August 9, is unclear. He is reported to have reassumed effective command of the navy which he had passed over to a subordinate when he assumed his ministerial function earlier this month.

The armed forces have, as a result of the moves of the last few days, edged away from intimate involvement with the Government and the new heads of the services appear to want to underline their more traditional role as guardians of the Constitution and opponents of any sector whether of the right or of the left, which sought to contravene it.

The latest developments have calmed the anxieties of senior officers that the armed forces were becoming too identified with the Allende Administration.

Meanwhile, talks continued today between the Government and the road hauliers and bus and taxi owners. The Government is reported to have given in to the hauliers' demands about supplies of new vehicles and spares but there remain some overtly political demands from the hauliers about which the two sides have yet to agree.

Nevertheless the conservative Santiago daily, El Mercurio, today reports that work has started on the drafting of a final agreement.

The strike has gone on for nearly a month and is having extremely serious effects on the country's economy. Many staple foods are in very short supply and there is virtually no public transport.

Classes in junior schools, though not in secondary schools, restarted today. The Government had prolonged winter holidays because of fears

of disorder when classes resumed.

The Government has aimed a further blow at the neo-fascist Patria y Libertad by last Saturday's arrest of its leader, Sr. Walter Roberto Thielema. Patria y Libertad has been operating clandestinely since it claimed responsibility for the abortive army coup attempted on June 29 which resulted in the deaths of 22 people.

CYPRUS JUSTICE  
MINISTER FREED

NICOSIA, August 27.

CYPRUS Justice Minister Christos Vakis has been set free, exactly one month after being kidnapped from his home by armed supporters of the underground leader, General Grivas.

Mr. Vakis said he had been treated well.

But he refused to disclose where he had been kept and maintained he had not met Grivas himself. However, he volunteered a statement which appeared to represent Grivas's thinking. He spoke of a need for all Greek-Cypriot people to strive for the achievement of national goals—a line usually taken to mean Enosis.

He did not denounce Grivas's action in abducting him and holding him hostage, but rather mildly criticised the alleged mistreatment of Grivas supporters by police.



## If only you knew what goes on at your sales desk.

A lot of the information that could make the running of a large store more efficient passes through the sales desk.

Like which styles, colours and designs are most popular. What stock needs replacing on the shelves. What are the fastest-selling seasonal lines.

The problem is it takes time to get this information back to management and buyers. And even then it's not always very reliable.

Now IBM introduce a new system that makes all this up-to-the-minute information from the sales desk available immediately to buyers and management.

We call it the IBM 3650 Retail Store System. It's a comprehensive system operated by a new control unit no larger than a filing cabinet. This in-store control unit—the IBM 3651—can work independently or be linked to the head office IBM 370 computer.

## For management and buyers.

The system has a number of different terminals which can be located at the point-of-sale, in the central purchasing office, the store manager's office, the receiving bay and the marking room.

The 3653 Point-of-Sale Terminal performs all the functions of a cash register.

In addition it has a magnetic wand which

can be run across a magnetically encoded price ticket to read item data such as merchandise style, colour, size, description and price which is printed on the sales receipt.

The item data is passed through the terminal to the in-store control unit. All the information on file here is immediately available to management and buyers on the 3275 Visual Display and Printer.

Up-to-the-minute register balances, merchandising data, stock and sales reports are all readily available to the store manager. Buyers can spot the fast selling seasonal lines quickly and amend purchase orders to keep abreast of fluctuating demands.

## Receiving and checking.

Once purchase orders have been placed, receiving and checking can be a big headache.

Often the merchandise received is not what was ordered. Or there's only a partial shipment. Or some of the goods are damaged.

The 3275 Visual Display Terminal allows the checker to call up the original purchase order on a visual display screen and check merchandise, item by item, when a shipment arrives.

With this information the checker can initiate the ticketing process.

## Accurate ticketing.

The 3657 Ticket Unit both encodes and prints a full alphanumeric character set. It prints and magnetically encodes merchandise tickets in three different sizes as well as gummed labels.

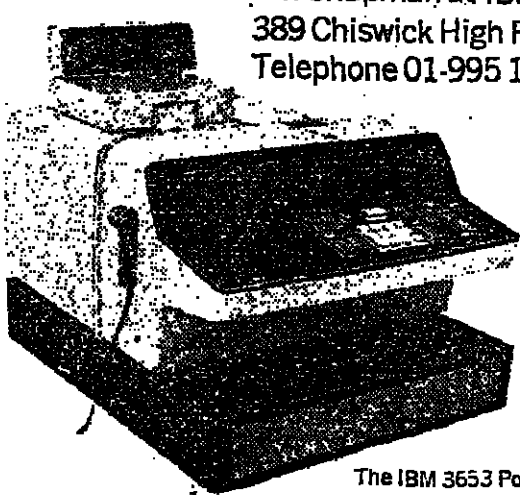
So once the merchandise is taken to the sales desk, the description and item data on the ticket can be read by the magnetic wand on the point-of-sale terminal.

Which takes us back full circle. So now you know how you can know what goes on at your sales desk.

## 3650 Retail Store System

For further information contact Ian Chapman at IBM United Kingdom Limited, 389 Chiswick High Road London W4 4AL. Telephone 01-995 1441.

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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## SHIPBUILDING

### Automated production and design

FOR THE first time, the extent to which British shipyards are making use of advanced automated methods of tackling ship design and construction problems has been disclosed.

Speaking at a conference on shipbuilding now taking place in Tokyo, Dr R. Hurst, Director of the British Ship Research Association, indicated that five big yards had adopted the "Britships" integrated production and design system developed over the past few years at BSRA, Wallsend.

Emphasis, initially, in the development of this system has been placed on production control and modular structure. The software has been planned to dovetail with work already done by BSRA members among whom Swan Hunter Shipbuilders, Sunderland Shipbuilders, Austin & Pickersley, Vickers and Litgows already are users. Together with a common bank of data which will be modified and extended as a design process is carried out. But this will demand a new departure in the service provided to members since the design complex will be required to operate as a real-time on-line service with which individual naval architects will

#### Design stages

Further developments cover the ship design process. These are being carried out in the closest association with the shipbuilding industry. The intention is to build upon the modular foundation of Britships to provide for four separate special design stages: preliminary structural design, structural design, steelwork definition for production and information for production.

For all four stages a common bank of programs and programming aids will be available together with a common bank of data which will be modified and extended as a design process is carried out. But this will demand a new departure in the service provided to members since the design complex will be required to operate as a real-time on-line service with which individual naval architects will

be able to "talk" as they develop their design ideas.

Member companies—the whole industry—have expressed confidence in the continued evolution of Britships into the design areas by supporting a pilot scheme to be carried out by BSRA and the industry to consider hardware and software problems, to implement application packages and to assess the viability of such facilities before proceeding to the full-scale structural system, which will demand considerable investment in time and money.

#### Accurate results

Possibly the most interesting aspect of the Britships development, with its concomitants Britfair and Britshell—respectively intended to provide automatic printouts of lines which delineate areas of the hull with certain common properties and of important seams, butts tanks tops and so on, all with minimal data input—is the fact that while the systems do not markedly reduce the amount of time needed to prepare the information for the whole operation compared with the previous manual and assisted methods, the end-results are considerably more accurate.

The numerical control tapes and the optical templates which are a by-product of the operation enable users to avoid costly correction and re-cutting operations. Reduction of welding and cutting times is also not an item which can be ignored. Moreover, practically 100 per cent of the shell surface can be defined against 90 per cent by other systems.

BSRA has one of the few very large flat bed plotters by Gerber in the UK, equipment able to generate parabolic curves as well as straight and arcs of circles and this equipment is extensively used under control of data from the 1903A at the centre to draw the complex curves representing fairing lines on the vessels planned and under construction in the UK, as well as stress diagrams which are of great significance in the siting and weighting of reinforcement.

In contrast with a number of other projects, that at BSRA has always sought to produce the maximum amount of practical guidance for users while encouraging, though not forcing, the latter to advance the methods of operation to take maximum advantage of the computerised services.

## COMPUTERS

### Britain's balance moves into black

PRELIMINARY DTI figures for the first half of the current year indicate that Britain's trading in computing equipment and sub-assemblies has moved into the black and is likely to remain that way for the foreseeable future.

This is somewhat in conflict with the deductions and the suggestions of a working party set up some time ago by the National Electronics Council which saw in the continuing heavy imports of peripherals and parts a major threat to the future and suggested Government intervention to foster manufacture in the U.K. of new peripherals.

However, it appears that in January-June, when exports rose to £106.8m, from £85m in the comparable period a year earlier, imports were at £115.4m, against £78m. The apparent unfavourable balance was £11.9m, but allowing for the fact that exports are fob and imports are cif and that adjustments are made in the import figures by office decisions which add as much as 20 per cent, in certain instances,

where manufacturers are importing equipment from overseas for incorporation in Britain into finished products or systems, it would seem that the favourable balance was of the order of £10m, promising an end-of-the-year performance of better than £20m.

Particularly significant in this context is the sharp advance in exports of what are described in the official nomenclature as "units of automatic data processing machines" other than heavy imports of peripherals and parts: from £23m in contrast with imports under this heading which have gone up to £28m, from £21m.

At the same time, under the heading of "parts" of data processing machines other than heavy imports of peripherals and parts: from £23m in contrast with imports under this heading which have gone up to £28m, from £21m.

## SAFETY

### Guards hand-made in plastics

MACHINE GUARDS with high torsional strength and impact resistance are being made in hand-laminated glass-fibre-reinforced plastics (grp) by Kee-West Developments, Solent Industrial Estate, Southampton, using "Beetle" polyester resins supplied by BIP Chemicals (Turner and Newall), Oldbury, Wores.

The guards are custom-made for a variety of industrial applications, and a range of 38 has been developed by Kee-West and Molins for the latter firm's cigarette production machines.

"E" grade glassfibre is used as a general reinforcement, but steel and non-hygroscopic hardboard are incorporated in the laminates in areas where extra strength and rigidity are required. For sound absorption, polyurethane foam insulation is bonded to the backs of the guards. Fittings and fittings are bonded into the grp, the moulders work

ing to tolerances of  $\pm 0.2$  mm to assure accurate location.

Grp guards have gradually superseded sand-cast aluminium guards at Molins, with a saving of up to one-third in guard production costs. This is largely because the grp units need little finishing when removed from their moulds, whereas the aluminium castings had to be fettled, machined, cleaned, primed and painted before they could be fitted. The grp guards weigh on average 10 per cent less than their aluminium predecessors, yet are as strong.

### Chemicals to retard fire

FIRE RETARDANT chemicals made by Dover Chemical Corporation, U.S., are available in the U.K. from Jacobson van den Berg and Company (U.K.), 231 The Vale, London W3 7RN.

Products include a 70 per cent chlorinated paraffin resin stated to be suitable for use as a flame retardant in paints, printing inks, plastic foams, adhesives and paper and fabric coatings. It is soluble in a wide range of solvents and compatible with most common resins. Tasteless and odourless, it is also non-toxic, says the maker.

A foam that is not only non-burning, but also self-extinguishing, even after repeated washings or water extractions, can be produced with a polypropylene oxide adduct of tetrachlorobisphenol A, with combined phosphorus. The company says it is possible to incorporate this into a polyurethane foam or coating to give the exact degree of fire retardancy needed.

A water emulsion of chlorinated paraffin is said to be suitable for use in adhesives, paints, waxes, polishes, urethane foams, fabric coatings and inks, where it is claimed to impart fire resistance, and in many cases improves flexibility.

### Fleck paint passes the test

FIRE TESTS, for "ignitability" and "propagation" characteristics according to Parts 5 and 6 of British Standard 478 have been carried out by the Warrington Research Centre, on a normal system of Broloc Vinyl Multicolour (a water-based fleck paint) applied over a base coat of Broloc P.E.P. Emulsion to a non-combustible surface.

The maker, Berger Paints, Freshwater Road, Dagenham, Essex RM15 1RU, says that the tests gave results well within a Class O performance (appropriate for the circulation spaces and protected shafts of all large residential, industrial and institutional buildings).

### Timber door resists fire

A BRITISH-MADE timber door with a fire resistance of up to 72 minutes has been developed by Walter Lawrence Joinery, of Sawbridgeworth, Hertfordshire.

It is one of a new line of flush doors developed by the company which have been undergoing fire tests at the Timber Research and Development Association Laboratories at High Wycombe, Buckinghamshire.

The doors come in single and double doorsets and glazed openings are also available.



## HANDLING

### Designed to move big containers

TO MEET changing requirements in materials handling, particularly for container, railway freighter and steel stockyard operations, Rubery Owen has introduced the "Karrilift".

Based on experience gained with Karrioon and Travellift equipment, operating in 20 countries, the new straddle carrier, which basically costs around £45,000, is being made in a range from 30 feet 50 feet in width in five steps to suit specific requirements. The largest is 50 feet wide and can move three ISO containers or a 50 foot section of railway. The Karrilift, despite its large dimensions, is remarkably easy to control and manoeuvre.

Power to the four wheels is provided by hydrostatic drive, and a combination of hydrostatic and disc braking gives quick emergency stopping with no uncontrolled inertial swaying of machine or load. The driving cab, mounted at the top of one of the pillars, gives adequate views of the work area, and sophisticated controls, allied to fail safe devices, make driving easy and without fatigue.

PETER CARTWRIGHT

## PERIPHERALS

### Disc-making in Welsh centre

CONTROL Data and the Department of Trade and Industry have announced completion of negotiations to acquire the former RCA Magnetic Products factory at Brynmawr, which will be re-opened for the manufacture of disc-packs for computers and similar products for the British and European markets.

Control Data is a wholly owned subsidiary of Control Data Corporation of the U.S., the world's largest supplier of ancillary and peripheral equipment for data processing systems apart from IBM. At present the British and European markets, of which Control Data has a major share, are supplied by the export of disc-packs from the U.S. although other products are manufactured in the U.K. and on the Continent.

The Brynmawr project, which will take advantage of the special environmental facilities of the factory, is intended to meet the needs of the European market for the company's existing range of disc-packs. The view-point of the Brynmawr plant is the decision to make Brynmawr the centre for the development of new memory devices for world-wide distribution by Control Data Corporation.

Once established, the Brynmawr plant will make a contribution to import savings in the U.K. to exports and to new technologies.

## INSTRUMENTS

### Long range temperature monitoring

FOR NON-CONTACT temperature monitoring, an instrument has been introduced which has an overall range from 100 to +3000 deg. C. Although low temperatures are difficult to measure because of low energy levels, this instrument is stated to be accurate to 0.05 deg. C at 23 deg. C.

Target size is small—1cm at 1 metre. A high intensity light beam may be used to illuminate the target area enabling small areas to be identified at 10 metres or more, a useful aid in hazardous conditions. There are five standard temperature scales from -100 to

One of the many features of this flexible machine is its ability to operate over uneven ground, an important point particularly in stockyards. Both hoists are always under complete control when raising or lowering up to 30-ton containers and there is automatic compensation of cable gravity due to unequal weight distribution. Manoeuvrability is excellent, with ability to pivot on one wheel.

The first machine has been bought by Sea Containers Inc. 1965 it has grown to be one of the largest suppliers in Europe, with an estimated more than a third of the world market outside the U.S. and Japanese domestic markets. Sales of Karrioon, for instance, are up by 30 per cent this year.

## COMMUNICATION

### Keeping in touch

A "HANDS FREE" loud-to-loud intercom system is now available from Black National Systems. Known as the ST1000, it is the latest development in the Norwegian-made Stentofon range, for which Black is sole agent in the U.K.

It is an electronically controlled system for up to 34 subscribers, and can be extended by connecting one additional exchange. Unlike other systems, the speech button need not be held down during conversation and the speech direction can be controlled by both subscribers.

Every master station has its own volume control and additional facilities provide for group or common calling, with reply or public address to work-shops, store-rooms, etc., by any subscriber and priority for any individual masters.

The complete system can be supplied on either outright purchase or rental terms, inclusive of maintenance. Details are available from Black National Systems, Albion House, Benjamin Street, London EC1M 5QJ.

## TRANSPORT

### Warns when reversing

TO PROVIDE a fully comprehensive warning system for its transport fleet, CAV, a Lucas company, has developed some of its vehicles in the 5-8 ton range to incorporate special rear light clusters, flashing side lights and an illuminated reversing sign which flashes in conjunction with a warning buzzer.

Each rear light cluster, located at the rear corner of the vehicle and carried on a yellow panel running the width of the body, incorporates flasher, stop, reversing and illuminating lamps. Between the clusters, mounted centrally at the rear, is a lettered "Reverse" sign which flashes when reverse gear is engaged. At the same time a warning buzzer is operated and is synchronised with the "Reverse" sign.

In addition, the rear lights, each vehicle is fitted with side marker lights synchronised with the front and rear indicators. As a result of the CAV experiment, the Lucas Group is planning to convert its heavy fleet of rigid and articulated vehicles to the system.

## High speed lifting

Speed up production with an electric hoist 2 to 20 ton capacities.

For high-speed quote phone 05-083 63123 or your Local Branch office.

PO Box No. 7, Loughborough, Leics. Tel: 34406

Site demonstration of a vertical welding unit which will apply gas welding to ship's plates in one continuous vertical movement, proved, so far, up to 40 feet but applicable to any length of vertical weld. Developed at BSRA, Wallsend, with the help of the Welding Institute, the equipment is being tested at Litgows. It consists of a lift cage with the controls for the operator and a hoist cable connected with a service unit (not seen in the shot). The welding head is at the back of the cage which is held against the plates to be welded by a permanent magnet which prevents it from swaying in the wind. Speed of operation and quality of finish of the weld are remarkable, the only significant prerequisite being correct alignment of the rows of plates to be welded. This is only one of the many large-scale units developed at BSRA to encourage member companies to use the most advanced equipment available.

## PRODUCTS

### Tests the vibration tester

TO TEST vibration transducers, which are used, for example, to monitor wear in turbine bearings, Environmental Equipment, Easthatch Avenue, Wokingham, Berks RG11 2PP, has developed a complete vibration testing system.

Known as the 18Kp, it consists of a tuneable power oscillator with G-meter and permanent magnet vibrator with integral accelerometer and a tension allowing vertical and horizontal operation. The vibrator has a thrust of 18Kp (40 lb.) force and a frequency range from 3 Hz to 5 kHz. It can also be used to test vibrable electronic components.

The system has an optical target which provides a fundamental calibration method of establishing a 10 g pk acceleration level.

### Desk and pocket calculators

ADVANCE ELECTRONICS of Raynham Road, Bishops Cleeve, Herts., is introducing its new calculators. Two of these are the Advance 88 and Advance 90, which are hand held, the other four are desk machines.

The Advance 88 is stated to be a full 16-digit floating point unit with two accumulating memories and automatic square root key. It will operate for several hours on built-in rechargeable batteries and has a recommended price of £115.

The Advance 88 incorporates a percentage feature enabling mark-up and discount calculations to be performed without re-entry of data of the need for preliminary calculation. Answers are displayed to eight significant digits with full floating decimal point. The user may optionally fix the decimal point to display answers "rounded off" at two decimal places.

This calculator may be used on internal display or operated on an optional mains adaptor which doubles as a desk plinth. Recommended price is £157.50.

The remaining four (Advance 160) calculators have similar key operations for trigonometric and other functions. Prices range from £115 to £176.

## Arrow Capital N.V.

Established in Curaçao (Netherlands Antilles)



Notice of Annual General Meeting of Shareholders to be held on September 28, 1973.

Notice is hereby given that the Annual General Meeting of Shareholders of Arrow Capital N.V. ("the Company") will be held on Friday, September 28, 1973, at 10 o'clock in the forenoon (local time) at the office of the Company, 6 Fuisstraat, Curaçao (N.A.) for the following purposes:

1. To approve the Company's Annual Accounts for the financial year ended March 31, 1973.
2. To elect a Managing Director for the ensuing year.
3. To elect an Advisory Board for the ensuing year.
4. To ratify, confirm and approve the acts of the Management and the Advisory Board.
5. To appoint independent auditors for the ensuing year.
6. To transact such other business as may come before the meeting.

The official Agenda of the meeting together with the Annual Accounts for the Company's financial year ended March 31, 1973 may be inspected by all shareholders at the office of the Company as well as the offices of its sponsoring banks viz. Banque Rothschild & Fils, N.M. Rothschild and Sons Ltd., London; Pierson, Holding and Pierson, Amsterdam; Banque Lambert S.C.S., Brussels; Banque Privy S.A., Geneva; as well as Banque Lambert Luxembourg S.A., Luxembourg.

Holders of registered shares shall be entitled to vote at the meeting in person or by proxy. Holders of bearer shares shall be entitled to vote at the meeting on presentation of their share certificate(s) or of a voucher given by any of the Company's sponsoring banks stating that share certificate(s) in respect of the number of shares specified in the voucher have been deposited until the end of the meeting.

The Managing Director  
Initials Management Company N.V., Curaçao

## Norwest Holst chairman's statement

Review of the Year to 31st March, 1973.

The results for the year under review were seriously affected by the national building strike and as a result the Group's profit for the year was only £288,000. In view of this the Directors regard as highly satisfactory the results of the full year which show a record profit before tax of £1,524,000 (1972 £911,000). They recommend an increased final dividend equivalent to 8.125% gross giving a total of 13.125% compared with 12.5% for last year. This increase is the maximum allowed under the present statutory restrictions.

Once the strike was over all Divisions contributed to the very successful second half. The Construction Division benefited from the mild winter achieving a high level of turnover and making an important contribution to the Group's profit. Similarly the Private Housing Division achieved much more satisfactory results in the second half. The various ancillary activities of the Group including structural steel and timber fabrication, heavy machinery installation and merchandising of central heating equipment, increased their contribution to Group profits.

It was in some respects a difficult and frustrating year and our thanks are due to all those employees who contributed to the final satisfactory result.

**OTHER DEVELOPMENTS**

Since the end of the financial year we have held an Extraordinary General Meeting which approved an increase in our borrowing powers from one and one half times to twice our issued share capital and authorised reserves. I am happy to be able to report that our Bankers have agreed to provide facilities which will enable us to make full use of these increased powers to further the Group's expansion.

Shareholders will doubtless have noticed in the Press, reference to the activity of the Consortium which has been purchasing shares in your Company: the Directors' Report gives details of this shareholding. Despite meetings with the representatives of this Consortium its intentions are still far from clear. However, on the evidence which we have we do not consider that the acquisition of your Company by this Consortium, if that is its intention, would be in the best interest of the Group and, in particular, its employees.

#### FUTURE PROSPECTS

The activities of your Group are very broadly based and all Divisions have a substantial work load ahead of them. The major activity which accounts for approximately two thirds of the turnover is in civil engineering and building construction, including specialist departments dealing with main laying for the Post Office, Gas and Water Authorities, and reinforced concrete design and construction. I am confident that this side of our activities will continue to make an increasing contribution to Group profits.

Our Private Housing Division is currently developing some 20 sites, mostly in the North West of England. It is difficult to forecast the longer term prospects in this field which depend on the availability of mortgage facilities and the acquisition of land at reasonable prices, but for the immediate future conditions are favourable and increased profits are expected from this Division for the current year. Our recent experiences have led us to reduce our commitments in Local Authority housing and new contracts entered into are progressing satisfactorily.

With the revival of activity in the construction industry our Plant Hire Companies, which have experienced difficult trading conditions for the past two years, are showing improved results and other ancillary activities (which are all orientated towards the construction industry), are extremely busy.

We have continued with our contracting and development activities overseas and in addition to those in hand in Ireland, France and Portugal, we have undertaken new enterprises in Spain and Italy during the last few months. In each country we have begun in a small way and have only expanded our operations when we were satisfied it was right to do so. It takes time for these ventures to produce worthwhile profits but I look forward to a substantial contribution in the longer term.

I view the future of our Group in the current year and beyond with considerable confidence. Subject to external factors which cannot, in these times of economic uncertainty, always be foreseen, your Directors firmly expect that the level of trading profit which was achieved in the second half of the year under review will be at least maintained throughout the current year.

Copies of the Annual Report may be obtained from the Company Secretary.

### Norwest Holst Limited

P.O. Box 8, Bridge House,  
Dunmings Bridge Road,  
Bootle, Lancashire L30 6TP  
telephone 051 525 5900  
telex 627113



دکتران الأصل



# Building and Civil Engineering

## £20m. sinter plants for British Steel

LURGI (U.K.), a subsidiary of Lurgi Frankfurt, is to build two sinter plants for the British Steel Corporation at a capital cost of more than £20m. With the exception of a very few special items, all of the equipment for the plants—each of which will be capable of producing over 70,000 tonnes per week—will be of U.K. manufacture. The plants will be erected at the General Steels Division's new complex at Redcar, Teesside, and at the Port Talbot works of the Strip Mills Division. They will be equipped with electrostatic precipitators, of Lurgi design to meet the requirements of the Alkali Inspectorate. Claimed to be the biggest such plants to be constructed in the U.K., they are expected to be in production early in 1975. Since the formation of the company in London some 10 years ago, Lurgi (U.K.) is now a fully established engineering company building process plants based on technology developed by the parent company in Frankfurt. The company has an order book in excess of £30m. and has participated with many British companies in export contracts.

## Homes in Liverpool

THREE HOUSING contracts in Liverpool, together worth more than £5.5m. and providing accommodation for 3,143 people, have been awarded to George Wimpey and Co. All the dwellings are two or three-storey and will be constructed using the Wimpey no-fines technique. The company has won other housing contracts valued at over £3.5m. for the Harlow Development Corporation, at Woodgate Valley for the City of Birmingham and at Nairn for the Scottish Special Housing Association.

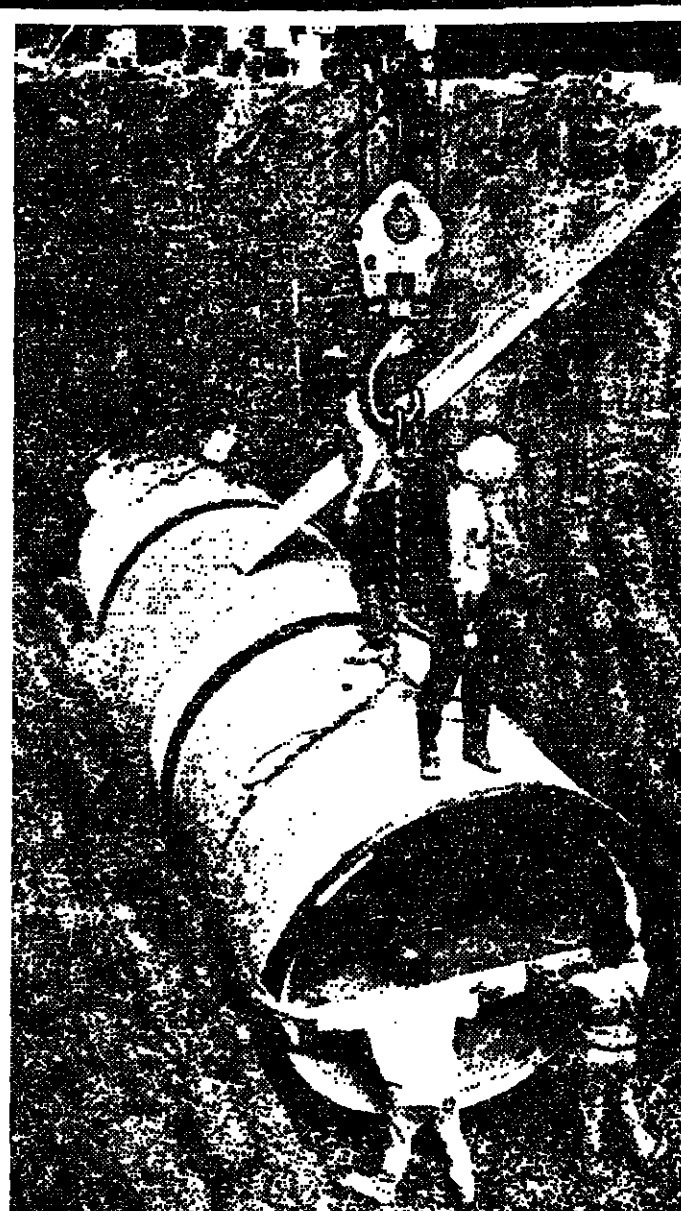
## Town centre at Irvine

SIR ROBERT McAlpine and Sons has begun work on the £1.5m. first phase of the Irvine New Town Centre in Ayrshire for Ravenscroft Properties. The contract calls for the construction of a 58-unit shopping centre and a three-storey office block on the east bank of the River Irvine as well as a five-storey office building on the west bank. The shopping centre will be sited on a new river bridge following demolition of the existing bridge, and completion of the scheme is scheduled for mid-1975.

The new company is known, will specialise in the building of multi-storey structures and industrial developments where the extensive experience of Costain combined with the local knowledge and resources of the Rohan Group can be used to maximum advantage. The Rohan Group, through its subsidiary Sitecast (Ireland), has become the leading industrial builder in the Republic.

## Paint plant for British Leyland

CARRIER ENGINEERING, a member of the Haden Carrier Group, is to install a £6.5m. paint plant at Solihull, Warwickshire, for British Leyland's Specialist Car Division. The plant, designed to process a projected new model at a rate of 50 bodies an hour, will be housed in a special three-floor building. The ground floor will accommodate body storage and mechanical services, the first floor the paint shop proper with process areas and spray booths, and the second floor the ovens. As principal contractors, Carrier is responsible for all equipment and services within the building.



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## In brief

A £1.1m. refuse incinerator is being built for Sheffield City Council by Tarmac Construction; it will recover waste heat for use in existing and future residential blocks of flats in the city. Tarmac has also won a £24,000 contract from Redpath Dorman Long (Contractors) for reinforced concrete foundations at the British Steel Corporation's works at Rotherham, Yorks.

TWO MAJOR council house upgrading contracts—worth a combined value of £1m.—have gone to Holland Hannen and Cubitts (Scotland). One is for the Burgh of Dalkeith and the other for the Burgh of Boness. Cubitts is also to build £283,000 worth of houses for the Jephson Second Housing Association at Chippenham, Wilts.

GEE WALKER and Slater & Co. are to build a 11-storey office block at Aylesbury, Bucks. For the Equitable Life Assurance Society. To be octagonal in shape on three floors, the building should be ready towards the end of 1975.

## More Oman work for Taywood

THE SULTANATE of Oman has awarded Taywood International a £300,000 contract for the provision of buildings and services required for the new £3m. harbour recently completed by the company at Raut. The facilities, for which the consultants are Gibb, Peter Muller and Partners of Athens, are due for completion by the end of January, 1974, and include a water supply pipeline, reinforced concrete reservoirs and barracks for workers and security forces. In a joint venture with W. J. Towell and Company, Taywood

Woodrow is carrying out a £340,000 contract for the design and construction of a three-storey complex of offices, shops and supermarket for W. J. Towell at Muscat, Oman's capital. Under a package deal including design, construction and supply of equipment, the company is also providing an abattoir at Salalah for the Sultanate which should be ready by the end of November. The project is designed for a throughput of 25 cattle and 10 sheep per day, with provision for future extensions to increase this by 200 per cent. Facilities for the chilling and storage of carcasses for local consumption and shipment to other parts of Oman and the Arabian Gulf are incorporated. Last week it was announced that Taywood was to play a major role in a £20m. development of a new town containing more than 1,000 homes at Qur'm, near Muscat.

## Guildford housing

LEWELLYN HOMES has won a contract worth just under £2.5m. to provide homes for over 1,300 people in Guildford's largest housing project within the last decade. The Guildford Borough Council, after a first stage competitive tender in March, negotiated a final scheme using Lewellyn's Quickbuild construction on three

## Costain in Irish link

A JOINT venture in the Republic of Ireland between Richard Costain and the Rohan Group of Dublin has been set up with a 50 per cent. holding by each company. Rohan-Costain Construction, as

## CONSTRUCTION OVERSEAS

# Wimpey expands in Middle East

WHEN George Wimpey began which accounts for 50 per cent. a dam project in Brazil, the of turnover, is the bread and exchange rate was 240 cruzeiros butter background to foreign to the pound sterling. By the involvement. Most countries possess a build-pleted, the pound was worth no ing industry, however unsophistic-ated, but many developing countries have a severely limited indication of the risky nature of civil engineering capacity, which big civil engineering contracts helps explain the company's undertaken by U.K. construction heavy involvement in the Middle East. However, a good local agent to a vital factor in deciding whether provide information about a country's habits and regulations and to liaise with the Govern-ment and business is essential. Overseas work by Wimpey began in earnest after the last time when the company opened offices in Cairo, Baghdad and Singapore with the prime aim of securing business from the oil companies, although local construction work was also carried out where available. These areas have since declined, largely for political reasons. Now, more than one-fifth of the company's £242m. turnover represents foreign contracts and Wimpey is currently at work in more than 20 countries, having worked in over 60 at different times.

British entry on the construction industry will be to increase joint ventures with European companies outside the Common Market. Even so, Wimpey has recently formed a company in France which, to begin with, will specialise in private house-building. It is interesting to note in the company's 1972 annual report (pretax profits up to £14.28m. from £8.89m. in 1971) that materials and equipment were exported for the purpose of carrying out construction work overseas which was valued at £52m. The export element of overseas contracts is important in getting cover from the Export Credit Guarantee Department, and therefore in encouraging banks to grant the developing country a loan for the project. Wimpey considers it good if 60 per cent. of a contract is exported, with 55-60 per cent. of that amount covered by the ECOD, but the company insists that the local content must be paid as incurred. A Eurodollar loan might in certain cases be arranged to help some countries over this hurdle. The overseas outlook is good, particularly in Canada and the Arabian Gulf, and Wimpey expects to complete considerably more work in the next 12 months than in the previous year. JOHN DARLINGTON

## Lessens the risk of skids

THE GERRARDS Cross by-pass opened last Friday is the first major road to incorporate throughout its length a new built-in safe surface texture developed at the Cement and Concrete Association's research station at Wexham Springs. The £5.5m. by-pass completes the London end of the London-Oxford motorway as far as the

Bucks-Oxfordshire border, providing a dual three-lane motorway from the end of Western Avenue at Denham. The skidding-resistant grooved surface finish of the carriage-ways was formed by the ship-concrete by the first production model of the plastic-concrete grooving machine developed by the CCA and manufactured under licence by Erut Products. In order to provide the necessary skidding resistance throughout the normal range of driving speeds, the road surface must incorporate two different types of texture: a fine but harsh "sandpaper" texture for resistance to skidding at lower speeds and a deep texture with good drainage to ensure that, at higher speeds, maximum tyre-road contact is maintained in wet weather.

Tight control Because the percentage return on such activity is generally lower than on home contracts, tight control is maintained by the head office in Hammersmith, London. For example, house-building in Canada, Australia and South Africa—Wimpey has permanent offices in all three countries—is the responsibility of one of the senior directors of U.K. housebuilding. Similarly, with civil engineering. Another major reason for centralised management is the often acute problem of staffing. Other factors apart, it is obviously pointless for a job which requires many U.K. personnel if the manpower is not available. On the financial side, Wimpey reviews the labour, staffing and plant costs of every overseas (and home) contract a week, and every month a complete costing including materials is made. The company's general overseas philosophy is to maintain a profile of all types of work, ensuring continuity. Wimpey's biggest contracts tend to be overseas, but housing

Joint ventures, unless both or all the parties enjoy good relations and bring together complementary expertise, are—Wimpey believes—an inefficient way of going about a project. Nevertheless, the company has done a considerable amount of successful joint venture work, both with other U.K. and foreign companies. In Saudi Arabia, a joint company with John Laing completed work to the value of £30m. last year and is at present working on part of that country's big defence programme. Further contracts are anticipated as a result of the recent Saudi agreement with the British Aircraft Corporation. It goes without saying that this arrangement does not preclude solely Wimpey projects in Saudi Arabia, nor fierce competition with John Laing in other parts of the world.

The Borough of Maidstone's scheme for a new trunk sewer to cater for increased population is utilizing Rocla large diameter prestressed concrete pipes throughout its 1,100m. length. Work on the project, between Mill Meadow and Allington Pumping Station, started at the end of June and to date about 350m. of pipes have been laid. Main contractors are Robert Savill.

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## Second Iraq contract to BSP

THE STATE Contracting and Construction Company of Iraq has awarded a second contract worth about £300,000 to BSP International Foundations, a member of the Edward Le Bas Group. The contract is for the supply of two sets of vibro plants, double acting air hammers, heavy and medium duty pile extractors, drilling tools, rock breaking attachments and a stock of spare parts for five years' operation. All this equipment will be shipped from the company's Claydon factory and will be operating in Iraq early in 1974. This order is a follow-up to the initial £300,000 contract for drilling equipment and ancillary plant announced two months ago.

## Press wins over £2m. orders

WORK AT the new town of Peterlee to the tune of £2.2m. is to be carried out by William Press and Son. It involves the construction of 180 homes, a multi-storey office block, a departmental store and a cinema. The housing is Phase Two of a development for the Peterlee Development Corporation and Press is currently working on the 175 houses of Phase One. The £800,000 office building is being constructed for the Development Corporation and the £500,000 departmental store and cinema is for Teesland Investment.

## Marine work

There is also a long-standing co-operation in marine work—Wimpey has more than £4m. tied up in marine craft—with the U.S. company, Brown and Root, mostly in connection with pipeline and platforms from the North Sea to the Arabian Gulf. As regards the EEC, Wimpey feels that the chief effect of

## Plastic houses

A MODULAR glass fibre-reinforced plastics (gfrp) building developed and patented by a South African company could have many applications in the U.K. The building, called the Anchorite Habitat, is the idea of Anchorite Products of Pinetown, Natal. The glass fibre modules from which it is constructed are moulded with polyester resin supplied by British Industrial Plastics (SA), whose associate company BIP Chemical (Turner and Newall) of Oldbury, Wores, will forward U.K. inquiries. The Anchorite Habitat is basically an 8 foot cube consisting of an 8 foot by 8 foot base frame into which similar sized wall panels are slotted. With the aid of a connector, several cubes can be assembled together to form a building of any desired size. While normally employed to provide an open-plan style of accommodation, privacy can be achieved by hanging curtains or folding doors in the full-size aperture of the connector piece.

## Cartridge operated tools

THE NATIONAL Federation of Building Trades Employers has called on its 14,000 member companies to pay particular attention to the safety precautions covering the use of cartridge-operated tools. The NFBE points out that the tools, which are used in operations requiring the fixing of one material to another by nails or rivets, can be extremely dangerous in unskilled hands. The scale and urgency of the building programme has led to an upsurge in their use.

All of these Securities have been sold. This announcement appears as a matter of record only.

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August 28, 1973.

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## THE FINANCIAL TIMES

(Established 1888)

Incorporating THE FINANCIAL NEWS

(Established 1891)

Head Office Editorial & Advertisement Offices:  
BRACKEN HOUSE, CANNON STREET, LONDON, EC4A 3DF.  
Telephone Day & Night: 01-546 5000. Telex: 555555; Finantime, London.  
Telex: 886341/2, 883897

FOR SHARE INDEX AND BUSINESS NEWS: 01-546 5000  
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TUESDAY AUGUST 28 1978

# Profits and efficiency

THE crucial issue for Stage 1 of the Government's anti-inflation policy is likely to be thrashed out not in the talks with the TUC which started last week, but in the decisions yet to be made on price controls. This is clear both on political and economic grounds. Politically, the Government has been severely embarrassed this summer by the operation of the price code in Phase Two, and will want urgently to convince both employers and shop-floor workers that in future, prices will be more effectively restrained. This will be vital if, as seems likely, the next stage has to be sold to the public over the protesting heads of the union leaders, for a public which proved unexpectedly willing to accept the pay side of Phase Two as fair and acceptable is clearly dissatisfied with the price performance. For these reasons, controls which look tougher, and stabler import prices, would suffice.

## Existing rules

Economically, the issue is far less clear cut. The Phase Two rules have not at this point done anything to check the very large increase in profits which was to be expected as industry brought idle capacity back into use; but the existing rules on profit margins suggest that this could be the occasion for a future effort to roll back prices. Far more important, any future improvement in profits resulting from the installation of new and more efficient plant, on which future growth largely depends, would equally be the occasion for a roll-back, and this fear could inhibit the large productive investment now planned by industry.

## The need, then, is for a code which will be more effective in checking prices, yet one which will allow more flexibility in margins. Industry also wants a parallel treatment for pay—since the scope for any rise in severe restraint in general, but coupled with greater scope for rewarding improved productivity practices in productivity barometers at plant level.

American experience suggests one condition on which this greater flexibility could be allowed: that profits and pay should not be penalised as long as prices are kept stable (for by definition an investment or a pay deal aimed at improved efficiency cannot be grounds for a price increase). The case for rewarding efficiency is obvious; so are the dangers. Experience shows all too many examples of pay deals — and investments — which are aimed at increased efficiency, but fail to deliver.

## Retail margins

The corollary, then, of any relaxation of margin controls or pay provisions must be some tightening up of the other provisions of the code; and those which most readily suggest themselves are the allowance for price increases to allow for low profits or loss, and those required to finance investment. Attention should also be given to the rules governing retail margins. The freeing of gross percentage margins has proved an ill-conceived notion at a time of rising import costs: unit prices have risen far faster than operating costs, so that rising prices have had a geared-up effect on retail profitability. Some approach based on cash margins, adjusted for some costs, seems required. This again would leave efficiency its due reward.

This whole approach of allowing more scope for enterprise and efficiency in a generally tighter environment can only be adopted, of course, on one further condition: continued restraint on general pay increases. Indeed, the more effective the price controls are made, the greater the need for restraint; for although it is to be hoped that greater incentives will call forth higher output, it must be remembered that price restraint is the most effective way of protecting real incomes. Since the scope for any rise in real consumption next year is very limited, even on the most optimistic assumptions, any toughening of policy must apply to pay as well as prices.

# Saudi Arabia's oil policy

IT HAS been evident for some time now that Saudi Arabia has been a power behind the scenes in the Arab world. The latest news from the Middle East concerning Arab oil production and relations with the Western oil companies seems to suggest that King Faisal has decided to modify his customary oblique policies and exercise some positive and more open leadership.

It has still to be confirmed that Saudi Arabia has elected to limit future production from its oil fields to a ten per cent increase a year from current levels. But the mere fact that very strong rumours to this effect have emanated from Riyadh is significant because the Saudi rarely permit dissemination of any form of speculation unless it is officially inspired.

## Secret visit

At the same time, in a flurry of diplomatic activity, it has been revealed that President Sadat of Egypt paid a secret visit to King Faisal last week and that President Khedafi of Libya and his Prime Minister had announced to Cairo over the week-end to voice considerable pessimism over the prospects for the imminent Libyan-Egyptian merger.

In President Khedafi's absence, the next move over Libya's demand for immediate 51 per cent nationalisation of the major Western oil companies remains unclear. The apparent Saturday deadline for the response of the companies has lapsed though President Khedafi may have more to say about the matter this week.

Saudi Arabia's discontent with President Khedafi is well known. His sometimes erratic and revolutionary policies have disturbed the conservative Saudis: his apparent bid for supremacy of the Muslim world has been offensive to the state which is the guardian of the Muslim faith. Moreover, although principally concerned in the early days of its immense oil wealth with internal development, Saudi

## Faisal's record

The preliminary signs are that President Sadat, keen to exert concerted Arab oil pressure on the United States in an attempt to influence U.S. Middle Eastern policy, is more prepared to go along with the Saudis than with Libya. It is also likely that the Western world will feel more encouraged at the prospects of Saudi eminence, for the record of King Faisal's commercial dealings with Europe and particularly America to date has not been fraught with traumas.

# Then and now: the IRA 1939

## campaign in England

BY JOHN GRAHAM

THE GOVERNMENT of the Irish Republic believe that a period of four days is sufficient notice for your Government to signify its intentions in the matter of the military evacuation and for the issue of your Declaration of Abandonment in respect of our country. Our Government reserve the right of appropriate action without further notice if upon the expiration of this period of grace, these conditions remain unfulfilled. Thus O'Connell na h'Eireann (Irish Republican Army), from GHQ, Dublin, on January 13, 1939, to His Excellency The Rt. Hon. Viscount Halifax, Foreign Secretary of the British Government.

This was the formal ultimatum heralding the start of the IRA's most intense war against Britain in England, the campaign of 1939-1940. The IRA's demand is familiar: withdrawal of the British Army and of civilian representatives from all parts of Ireland; and renunciation of the claim that Northern Ireland is part of the United Kingdom. There is no evidence that Lord Halifax or Scotland Yard took the ultimatum very seriously; indeed, few people did.

## Tightening of security

January 12 that year was a Thursday, and precisely four days later, on Monday, January 16, there were seven explosions on electrical lines and at power stations in England—Scotland and Wales were exempt from the campaign, being "Celtic" countries. The explosions were in London (2), Manchester (3), Birmingham and Alnwick. Next day there were more explosions, and the IRA's proclamation began to be regarded more thoughtfully. Security was tightened, police patrols strengthened, ships and passengers arriving at Holyhead, Liverpool and Fishguard closely examined, and 33 men arrested "on suspicion." It is likely, though unrecorded, that most of them had brogues.

For nearly three weeks nothing else happened, and a natural optimism that the campaign had been a one-shot affair took root. But on February 4 large bombs exploded in the underground stations at Tottenham Court Road and Leicester Square; they were standard timebombs left in suitcases in left luggage lockers. That night brought more bombs in London and fires in Coventry, and the Government released an operations plan found on a suspect.

There was little doubt now that the campaign was real, though its purposes, methods and likely results were unclear. No one could understand what the Irish wanted, or even who the "Government of Ireland"

## The controls tightened

The police had little success. They may have become proficient at distinguishing the accents of Cork, Wexford and Portadown, and some suspects went down for ten or 20 years, but it was obvious to all that men and materials were still slipping into England without great difficulty. In the first six months of the campaign there were 127 "terrorist outrages", killing one person and injuring 55. That more had not been killed was, as in Northern Ireland in the past four years, due largely to chance.

On July 23 the Government moved. Sir Samuel Hoare (Home Secretary) introduced the Prevention of Violence Bill, authorising tight control of immigration, the right of deportation, the registration of all Irish living in Britain, and less founded detention of suspects. The Labour Party agreed, somewhat reluctantly, that the IRA itself accelerated the legislative

process. Five people were injured on July 26 in the clock room of Victoria station, and a man died after losing both his legs at King's Cross. On July 27 there were three huge explosions in Liverpool, toppling a bridge into a canal and completely wrecking the front of the post office in the centre of the city. Within 48 hours the Prevention of Violence Bill had been given its Third Reading in the House of Lords.

This marked the beginning of their hanging with a day of national mourning in Ireland. The IRA is reliably reported to be still alive in people sent over from Ireland. After Coventry, the campaign ceased to have much effect. It dragged on for some months, tapering off in the first half of 1940, and the net gain to the IRA and to the republican ideal was approximately nil. There had earlier been discussion within the IRA over whether usually unpopular with De Valera—who was determined to

"The police had little success . . . men and materials were still slipping into England without great difficulty. In the first six months of the campaign, there were 127 'terrorist outrages', killing one person and injuring 55. That more had not been killed . . . was due largely to chance".

of the end. The deportations began before a week was out, and De Valera's Government in Dublin was also applying pressure on the IRA. Special courts were set up to deal with terrorist offences, and finally a Military Tribunal. The IRA campaign, of course, went on, and reached its terrible peak on August 25 in Coventry, with one of the most famous terrorist episodes in British 20th century history.

An operation had been planned for mid-afternoon. The bomb was made and delivered to the last man in the chain, the "planter," pre-fused. He set off on his mission, the bomb concealed in the carrier-basket of his bicycle. It is now believed that he did not reach his ordered destination. The density of traffic delayed him, and in some alarm he finally abandoned his bike against a wall in the Broadgate. The blast killed five people instantly, and injured 60 others.

According to Dr. Bell: "The police went through every Irish home in Coventry. Inside Dartmouth Prison British convicts attacked IRA prisoners, badly injuring several. Although the carrier bike man was in Ireland within the day, still badly shaken by the disaster, the police early in September did manage to pick up members of the Coventry IRA unit. Two of these, Peter Barnes and James McCormack, were sentenced to death on December 14, and hanged on February 7, 1940. Their sentencing was greeted with attacks on the postal service for several days;

maintain Irish neutrality—but doubly hateful to people in England. Information was thus more plentiful than it might have been, especially after Coventry. Indeed, the pressure on the IRA intensified markedly after this episode, which seems to have had the same horrifying effect and to have produced the same counter-terrorist outrage as Belfast's Bloody Friday in July last year.

But what of the methods and purposes of a bombing campaign? The methods vary much more than they used to, because of the development of explosives and delivery systems. The materials are safer than they were, and construction of small bombs generally an easier business. Every bomb discovered in England in the last ten days could have been made by one man on his own. Incidentally, it has always surprised specialists in these matters that the "plastique" — the Algerians' weapon in Paris—has not made its appearance yet. There are no commercial uses of plastique, and hence no commercial source, but the stuff can presumably be got on the Continent or in the Middle East.

As to the purposes, these cannot be known until the authors are known. But there are two main objectives of a bombing campaign: terror and sabotage. The 1939 campaign was a bit of both, the last four years in Northern Ireland have been mostly plain terror. If sabotage is the aim, one would expect attacks on power lines and stations, transportation networks, factories, and so on, mentioned above.

England, and especially London, has always provided "safe houses" for IRA men, but this is not quite as easy as it sounds. Firstly, Irishmen not only declare themselves when they open their mouths, but many are known to, and watched by, the police. In 1939 the IRA planned mostly to use "innocent" houses, hopeful that wary landlords would remain

assassination, specific random, seems to be the obvious weapon of a terrorist campaign. Thus an attack on the post service would be an act of sabotage; an attack through the postal service an act of terror, though it could have by-product of sabotage if made people afraid to use the service. The IRA has traditionally both weapons, though an important difference between the Officials and Provisionals. The Officials believe in sabotage, in attacking the symbols and vehicles of the hated regime. Thus customs posts, Government buildings, all sorts, policemen, politicians are legitimate targets. The Provisionals place their emphasis on terror, and therefore attack shops, market-places, pubs, a so forth, with high civilian "innocent" deaths as a result. Protestant bombs in Northern Ireland have been of both types: the blowing up of reservoirs 1.69 to get rid of them (sabotage), and blowing up of Catholic pubs (terror).

One of two characters. The distinction should not be considered hard and fast, the importance of symbol, ignored. The assassination of Field Marshal Sir Henry Wilson in 1922 was a symbolic punitive act, not designed to bring practical advantages; the assassinations planned well by Michael Collins, November 21, 1920, in Dublin—the original Bloody Sunday—were designed to wipe out British intelligence network in Dublin and intimidate survivors.

If the present work in London (and, since yesterday Washington, abroad) is the work of the IRA, it is likely to be one of two characters. Either it is a freelance operation, men for whom violence is only way and desperation only driving force, or it is truly planned (as in 1939) with the intention of collapsing the will of the British people, Government, leading to withdrawal from Ireland.

If the former, it is not particularly serious. If the latter, it relies on Great Britain's showing the sturdiness of War years or of the people of Belfast more recently. But whatever the case, two relics of the last campaign cross mind: the ease with which terrorists continued to place explosives for several months; the provisions of the emergency legislation brought in by New Chamberlain's Government; and so swiftly passed, which mentioned above.

# MEN AND MATTERS

## The outsiders of Furness Withy

For a shipping company, Furness Withy has gathered an intriguing collection of individuals in its Boardroom. Sprinkled among the traditional shipping men are four merchant bankers (split between Hambros and Rea Brothers), Professor Roland Smith of the Institute of Technology at Manchester, and since January this year, the new part-time chairman Lord Beeching. And now Paddy Naylor, a non-executive director at Bovis, is joining as well.

Unlike the other shipping outsiders, however, Naylor will be full-time, with an executive brief. Although Furness Withy would not elaborate on a simple statement of his appointment at the week-end, Naylor himself describes his job as "to look around for a few months, draw up some approach to the future, and then hopefully get in and do it." So it looks as though Beeching has now determined on purchasing outside influence into the executive area as well as the Boardroom.

Naylor, 39, gained some experience of this sort of approach at Bovis. He went there from Plessey (where he had been executive assistant to Tom Hudson, now chairman of ICL) as one of the team of young professional managers who were to draw up a plan of action for the group and then put it into effect. His area of interest was the construction division, and although he gave up his executive function there about 18 months ago, he has remained in a part-time on the Bovis Board, in the rest of the team. The Bovis experiment, he says, was

a good one, with some "ideas working and some, naturally, failing."

Naylor is an articulate and self-proclaimed ideas man, given to describing himself as a "philosopher, not an expert on anything." For the last year, in fact, he has taken the unusual step of going off to write three novels, one of them a "send-up of business."

But since he is said to be an extremely hard worker, he should have little time for writing over the next few months. Under Beeching, Furness Withy has made one diversification move into the oil rig business. At the same time the substantial merchant banking stake has, in the past, raised Stock Market speculation that there may be more expansion on the way.

In the meantime, shipping circles remember that Beeching's predecessor, the traditional shipping man John MacConochie, was both full-time chairman and effectively his own managing director. So while Naylor is conducting his research, Beeching will, presumably, be continuing his search for a chief executive.

## Thoroughbred newcomer

Whatever the general state of the Lloyd's insurance market at the present time, the bloodstock insurance brokers, says Ian Lomax, have nothing to complain about. Lomax, "probably the only Lloyd's broker to have an agricultural degree," is managing director of Thoroughbred Insurance Brokers, part of the H. Clarkson group, which is in turn a subsidiary of Shipping Industrial Holdings. Thoroughbred is now setting up a new

company based at Newbury to concentrate on the U.K. market among racehorse owners and farmers.

Behind the growth of the business is the escalation of bloodstock values in recent years. A Derby winner to-day is worth around £1m.; Secretariat, the American wonderhorse, is said to be insured for \$8.5m. At the same time, the other branch of Thoroughbred's business—farm livestock—is expanding as well as factory farming methods increase the risk of disease.

So with the rest of the Lloyd's market going through an unhappy spell, it is not surprising that Lomax, and the other big racehorse brokers like Hughes-Gibb, are facing increasing competition. But Lomax has two inbuilt advantages: before he returned to broking three years ago he was both a racehorse trainer and a farmer.

## Farming, and the Irish Sea

What have investment management, publishing, Pembroke-shire farming, and the deep-sea oil drilling industry got to do with each other? There is a connection in the figure of James Rowlett, the investment mind behind Parambe, one of those revamped Far East rubber companies: Parambe has just taken a 25 per cent stake in Little Haven Farms of Pembroke-shire, which is in turn buying into oil rig servicing by the takeover of Celtic Offshore Services. Wearing other hats, however, Rowlett is the man behind the investment outfit Portfolio Management; and the financial adviser backing Quartet, the new publishing

house which aims to bring out its hardbacks simultaneously with softbacks in the same size.

The object of the Little Haven exercise, says Rowlett, is the Irish Sea. There is considerable oil drilling activity already in the Irish sector; and, with Shell having just finished a well on the U.K. side, this area is now due for increasing activity up to 1978. "We want to extend Little Haven's investments down the line into the dock area," he says.

So Little Haven may now give stock market money a route into the Irish Sea oil business. But it will be interesting to see what Rowlett does with the farm itself. The company was launched as a producer of oven-ready turkeys by Sir Julian Hodge's Gwent and West of England Enterprises ten years ago; since then it has had a chequered history, making pre-tax profits of £114,000 in the first year, dropping into losses of £2,000 in the next year and never fulfilling its early promise. For 1973, according to the directors, profits will be only £5,000.

But Little Haven has 500 acres of good farming land. This is not, says Rowlett, "land on which to put up bases," or to build on, and "we are not enthusiastic about shell operations." Nor "shall we carry on producing turkeys for that much longer." What, I wonder, does that leave?

## Moonstruck

How would you diagnose a twitch developed by a mad astronaut? Answer: A Lunar tic.

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# Australia

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## FINANCIAL TIMES SURVEY

### BASIC STATISTICS

AREA: 2,977 sq. miles  
POPULATION: 13m.  
GNP per capita: £29,828m.  
FOREIGN TRADE (1972):  
Imports: £2,230m.  
Exports: £3,120m.  
Imports from U.K.: £317.9m.  
Exports to U.K.: £283.4m.  
FOREIGN TRADE (1973):  
Imports (to Apr.): £780m.  
Exports (to Apr.): £1,180m.  
Imports from U.K. (to June): £193.5m.  
Exports to U.K. (to June): £185.7m.  
RATE OF EXCHANGE:  
£1=\$1.74  
\* From IMF figures.



## Change for better or worse

By MICHAEL SOUTHERN, Australia Editor

Australia—like it or not—has waited a long time for change. In that waiting period, the country has grown more and more affluent in spite of the decline in authority and capacity of the Liberal-Country Party coalition that governed for 23 years. Last December, a Labour Government under Mr. Gough Whitlam was elected, and change of a kind began to sweep through the land at an unprecedented pace.

In his first ten months, Mr. Whitlam assailed the Australian society that the Liberal-Country Party saw built up over its 23 years. He has changed the direction of foreign policy in radical fashion. Economic mismanagement by the former government has given way to economic nationalism and policies of resource conservation which are in some areas questionable. Indeed, everything that was considered sacred by the former government has been anathema to the current occupants. The U.S.—far from being considered a senior partner to whom due regard and attention had to be paid—has been abused, and a new, allegedly equal, relationship established. Britain has not escaped the barbs of Mr. Whitlam's tongue either, and any sentiment that surrounded that relationship has gone.

Under the Whitlam rule, Australia has begun to search for a new role and a new identity. It is no longer a British country. It is Australia and will have its own National Anthem, its own flag and ultimately, though not necessarily in the political lifetime of Gough Whitlam, it will become a republic. Certainly the Queen is still loved and revered by many Australians—but not by as many as, say, three years ago and even the most ardent Royalists have to face the possibility of a republic.

### Regional grouping

Whitlam in his capacity, as Foreign Minister, sees Australia as part of Asia and the Pacific, and wants to develop this idea with a regional grouping of the Third World powers in which Australia will play a leading role. As was seen at the Ottawa Commonwealth Conference, Whitlam has already aligned the country with the African nations, with India, and with the small South Pacific countries and territories. Gone is the special relationship with Britain and America.

But if the changed stance overseas has been bewildering, just think what is happening within the country. This is no longer a society in which the

mining companies, the farmers and business interests are given priorities. As was promised in the Labour manifesto before the election, the new emphasis is on making cities better places to live in, on redistributing wealth and resources so that the Aborigines can become at least equal to the whites so that the poor are given a better deal and people on fixed incomes more State aid to ensure they can live a meaningful life. The emphasis of the last budget was on education, social welfare and the suburbs of Sydney and Melbourne. It is an important and welcome switch of emphasis.

Anyone who has been to the top of Australia Square in Sydney, or the new BHP House in Melbourne can, on a clear day, look around and see the suburbs of both cities sprawling for miles and miles in all directions. And in that panorama live more than half of the population of Australia. Suburban life has been scorned and ridiculed by many, but the fact has to be faced that Australians have chosen to live this way, and Whitlam has recognised the electoral advantage in making their lives meaningful and comfortable with better transport, sewerage and a cleaner environment. These are basic issues, but they are important in Mr. Whitlam's Australia.

In providing for these people,

the Whitlam Government has tended to overlook the immediate needs of business and industry but the latter's turn will come. Some sections, such as mining, have received attention which frankly they need to be allowed. But not all of this is the fault of Mr. Whitlam and his Government. The gap between business and Government was widening under the old regime and there were many businessmen glad to have seen the change of Government last December. Now they are faced with the fact that there is no viable alternative to Whitlam.

### Business distrust

Unlike the previous Government, Whitlam has no point of common contact with business. This is manifested by the increasing numbers of businessmen and industrialists who now daily trek to Canberra to see Ministers or heads of various Government departments. They do not trust the Government, just as overseas investors seem not to. Multi-national corporations have become whipping boys for Ministers such as

Labour Minister Clyde Cameron, foreign capital is subjected to conditions which make it virtually impossible for it to come into the country and play a meaningful role. Such fears need to be allayed.

But not all of this is the fault of Mr. Whitlam and his Government. The gap between business and Government was widening under the old regime and there were many businessmen glad to have seen the change of Government last December. Now they are faced with the fact that there is no viable alternative to Whitlam.

Yet in spite of all the uncertainty that such rapid change has brought—the fact remains that Australia has a sound economy, in spite of high inflation, and is currently enjoying a boom as a result of high consumer spending. Industry, which has been dormant for three years, is active, the rural sector has recovered. In terms of current prices, GDP increased by 13 per cent in 1972-73. Gross farm product rose by 39 per cent and gross non-farm product by 11 per cent. Gross national expenditure was up by 10 per cent. At constant prices on a 1966-67 base, growth in GDP was 3.8 per cent, and in expenditure 3.6 per cent.

The balance of payments, buoyant at the start of the 1972-73 year has continued to

improve. At the end of December, the balance of payments for six months was not far short of the surplus of \$A1,452m. recorded for the whole of 1971-72. Revaluation of the Australian dollar and moves to prevent inflow of capital resulted in a net outflow in the first six months of this year in excess of \$A650m., and in spite of this, gold and foreign exchange reserves in mid-August stood at more than \$A4,233m. In the first half of 1972-73, there had been a net capital inflow of \$A945m. Australia had been doing too well for her own good, and doing so in spite of the bad track record of the former government when it came to economic policies.

We have as yet only seen the groundwork for the new Australian civilisation as Mr. Whitlam likes to call it that is to be built. Unease will continue until Mr. Whitlam has built his citadel of egalitarianism, and come to terms with the fact that business is essential, that the securities industry is necessary and that multi-national corporations, bad as some may be, can be controlled and made to toe the line of national interests.

It is wrong to suggest that the problems that have arisen since December in the minds of the business and industrial community are all the work of one man. Even some of the problems in foreign affairs arose from some of Mr. Whitlam's disquiet which exists overseas. Ministers speaking their mind is highly personal to Mr. Whitlam is trying to build.

in an anti-American fashion that produced the tensions that Mr. Whitlam went to the U.S. to relieve. The fact remains, too, that Mr. Whitlam is as short on talent in his Cabinet as Mr. McMahon was in his. Mr. Whitlam's major advantage is that he is not tied to looking after, at great expense, the minority country party interests.

### Mystery tour

Just as the country wanted a lead from the old Government so too is it looking to one from Mr. Whitlam. He is a strong man—by far the strongest of any of the politicians in Canberra—and has pointed roughly the way he wants to go. But the signposts are vague, with other Ministers taking their own little side-tracks (like Mr. Connor with the mining industry or Mr. Cameron in his attitude to multinationals). Living in Australia to-day is a bit like being on a magical mystery tour. We all know where we want to go, but somehow, we have not quite made it.

Politics in this country, normally calm, uninspiring and dull, are at last getting their share of the wealth is important, and the Australians will probably tolerate much in pursuit of this socialist ideal. Australia now has peace on her borders and can at last become a more inward-looking and caring society. That is the country Mr. Whitlam is trying to build.

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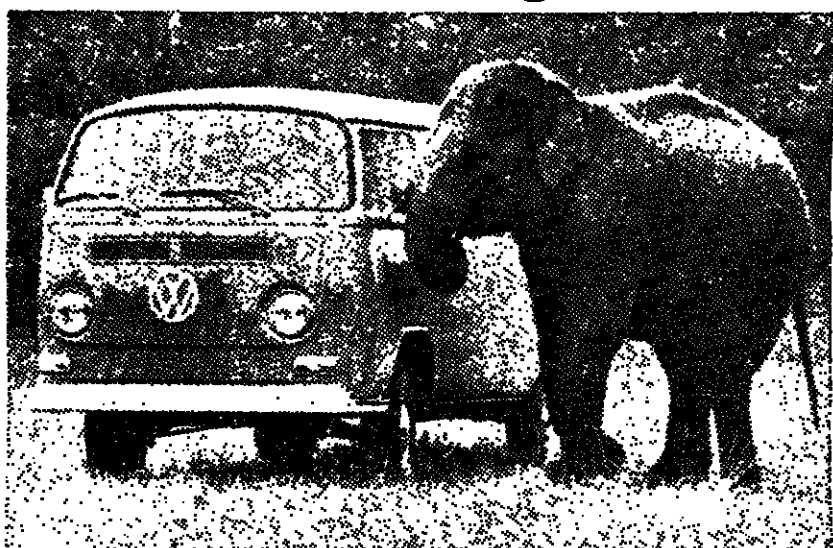
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## POLITICS

# Whitlam sees support slide

By MICHAEL SOUTHERN

Few Prime Ministers have ever taken office for the first time with as much public goodwill as Mr. Gough Whitlam had last December—and lost it so quickly. Yet at the same time, the Prime Minister, whose popularity ratings have been solid rather than outstanding, has seen a comparatively small drop in support for the way he is handling his job.

After years of frustration and sheer bad management, the Liberal-Country Party coalition was defeated last year. A significant factor in that victory was the votes of many of the younger businessmen, weary of the ineptitude of the Holt-Gorton-McMahon governments, who saw some hope in the more personable and forceful Gough Whitlam. Many who had never voted Labour before did so last year. On current indications, few of them ever will again. According to the pre-budget Morgan Gallup Poll, Labour has lost some support since it came into office, and Mr. Whitlam himself has seen his personal popularity slip.

### No easy answers

There are no easy answers to the question why. After all the government has raised pensions, pushed the country into overfull employment, and embarked on its medical health service which is currently being battled out with unwilling doctors. It has taken new initiatives in foreign policy that Australians generally approve of, and brought the cries of economic nationalism that were being heard under the former government to a crescendo. Most of all, Mr. Whitlam has, overseas, been an outspoken Australian—quite a change from the days when this country was so often knocked for its way of life, its politicians, and its business activities by foreigners, and simply lay back and took it.

Now, Australia is a voice to be heard overseas, a critical voice at times. The old inferiority complex of government is gone and in its place is the brash shout of an infant that has just discovered his voice. At times, as we have seen with the bashing of multi-

national corporations, it is a shout of inexperience and frustration. At other times, as in the case of criticism of the U.S. bombing raids, it has been a cry of despair. But the point is, at last Australia is making its opinions known and taking an independent stand in the world.

In the light of this, it is not easy to understand why the Whitlam government should have become relatively unpopular. The acid test will be the forthcoming Paramatta by-election which the Liberal Party narrowly held last December. It is expected that the Liberals will win again, but what the government has to take notice of is not defeat, but the margin of defeat.

Among those who no longer support the Whitlam government are a large number of young people who are involved in finance and in industry and no longer find stock exchanges places where they can print money—despite the fact that the economy is now running virtually at full capacity, that the banks are full of money and consumers spending like mad. Business generally has been put low on the priorities of the government which has clearly seen the need for massive social change more urgent than winning business confidence.

It is because of this, and the uncertainty that it has created at home, plus the inevitable distrust of socialist governments by businessmen abroad, particularly in the U.K. and the U.S., that last year's angry young liberals are this year's dissatisfied socialists.

The figures from the Morgan Gallup Poll showed that at December 1972 (the election) Labour (ALP) had 50 per cent. of the votes, the Liberal-Country Party 41 per cent., the Democratic Labour Party 5 per cent. and the Australia Party 2 per cent.

By June this year, the figures were ALP 46 per cent., Lib-CP 45 per cent., DLP 3 per cent., Australia Party 4 per cent. And in July they showed a further drop for the Government to 44 per cent., against 46 per cent. for the Lib-CP, and 4 per cent. each for the DLP and the Australia Party. The two small parties are important because of

their preference vote distribution—the Australia Party generally goes to the government, and the DLP to the Liberal Party.

As for Mr. Whitlam, his popularity rating has dropped from some 53 per cent. prior to the election and 62 per cent. last February to 48 per cent. in July. It is not entirely unexpected; after all, he had bare majority support prior to the election, and there are still many, even in his party, who have reservations about him. And his vanity, which shows itself so often, has not endeared him to many.

### Confusing words

But it is more than a question of Mr. Whitlam's personality. During the last eight months a number of his Ministers—notably the Minister for Overseas Trade Dr. Jim Cairns, Labour Treasurer Mr. J. Cameron and the Minister for Minerals and Energy, Mr. R. F. X. Connor—have all made numerous statements which, while indicating new directions in policy, gave not one detail of what the policy might be. This added enormously to the feeling of confusion, mistrust and uncertainty. Then Mr. Cameron got onto his multi-national statements, all of which presented multi-national corporations as ogres that were sucking Australia's resources dry and exploiting the workers.

For a long time, a series of Ministers made statements that were clearly anti-American, and used their ministerial capacity to do so. That foreign policy was not in their brief was of no consequence to them.

Even now, it is not certain if Mr. Whitlam does have full control over his Cabinet. It is fair to say that many of the voters now turning away from Labour are more afraid of the actions of the Ministers rather than the Prime Minister. There is alarm at the fact that the Treasurer has no economic advisors on his staff but seeks aid from a University-based group. Industrialists who felt they had a friend in the pro-tariff Dr. Cairns found he was not strong enough to block the

tariff cuts this year. Mining industry officials are still trying to establish a dialogue with Mr. Connor who so far has poured scorn on them.

But what of the Right wing? So far, it has failed to show that it has learned any lessons at all from its defeat last December. It elected Billy Snedden, the former Treasurer (who was not regarded as being very good in that job) as leader. His approval rating has, like that of the Prime Minister, been in decline in spite of a resurgence of Liberal support. In fact, Snedden is being widely regarded as the man to lose the next election for the Liberals and to be discarded shortly after.

Even now, his leadership is insecure, as was that of Mr. John Gorton and Mr. William McMahon. Snedden knows that he faces potential challenges from his right, with Mr. Malcolm Fraser, from behind with Mr. John Gorton (still nursing a feeling for power) and from the left with a progressive thinking duo of Mr. Don Chipp, former Minister for Customs, and Mr. Andrew Peacock.

Peacock is young and impressive. He has often been labelled a future Prime Minister and can, therefore, afford to bide his time and wait for leadership to be thrust upon him as it inevitably will be. He has proven himself a competent minister and has an appeal to the important younger voters of this country which Mr. Snedden has not.

Such is the dilemma of the Liberals—the same one that dogged them in government—a lack of leadership.

In Parliament, Mr. Snedden has been unimpressive and unable to cope with the barbs of the Prime Minister. Outside Parliament, he has been all too quick to want to reply to Prime Ministerial statements, or criticise Government action only to show that he has nothing really to say. The result is that the Opposition is not really being an opposition, and just as businessmen are worried about future actions by the Whitlam Government, so they are expressing concern over the performance of Mr. Snedden.

Indeed, one group of business-

men not so long ago proud told the Liberal Party president Mr. R. J. Southern, that they were concerned about the lack of real opposition within Parliamentary party, and lack of any effort to clear deadwood from Parliament referring to the older Libs there.

But leadership is only part of the problem. The other failure so far to define the role of the Liberals for the future Snedden has already had down on his oppositionist and incomes policies and government and begun to advocate them. Inconsistency and shifts of thinking like these are becoming prevalent in many areas.

Furthermore, the Libs have not been able to enter terms with the Country Party opposition. Talk of merger has been rebuffed by the Libs and the once friendly relations between these two parties no longer exist.

### Gone unheeded

The Country Party has told it would be no coalition in opposition, and he did not become deputy leader of the opposition (he was deputy Prime Minister). His call for a united Right party to oppose the Socialists has gone unheeded; in fact, the Country Party selection candidate has been pushed to the bottom of the Liberal ticket by the Lib Party. And, with the Democratic Labour Party, the ground constantly, it is longer regarded highly by Liberals.

Within the Liberal Party there is disarray and a lack of co-operation between the Parliamentary Party and the Party leaders themselves. And there are times when Liberals show signs of folly most Right-wing ex-Government parties in this country and integrating, to reform and new guise. Mr. Anthony, concerned about the swing to left by Liberals, sees this, wants to change both the image and image of his Country Party to give it a more urban and make it the pivot for Right wing.

# Canberra's growing weight

By CLAUDE FORELL

Soon after the creation of the Australian Commonwealth in 1901, Alfred Deakin, the most far-sighted of the founders of federation, forecast:

"As the power of the purse in Great Britain established by degrees the authority of the Commons, it will establish in Australia the authority of the Commonwealth."

"The rights of self-government of the States have been fondly supposed to be safeguarded by the constitution. It left them legally free but financially bound to the chariot wheels of Central Government. Their needs will be its opportunity..."

Deakin wrote with a prescience that is rare in politics, for what he predicted with uncanny accuracy was not what most of his colleagues had intended or imagined. Their vision of an emergent nationhood had been limited by their commitment to the continuing sovereignty of their individual States.

Indeed, more than 70 years were to pass before an Australian Prime Minister could publicly declare, as Gough Whitlam did at the Australian Labour Party federal conference in July this year: "I am, I always have been, I never will be less than a firm avowed centralist or unificationist." His only qualification was: "But I am also a regionalist. I don't see any validity in the State boundaries which British public servants drew up in the last century."

Sir Robert Menzies, in his 17 years in power, steadily extended Central Government financial supremacy and intervened without ceasing to proclaim his belief in "State rights."

John Gorton more openly asserted the primacy of Central Government, especially in revenue raising and economic management, and urged the Liberal Party to review its dedication to State-oriented federalism. But he always disavowed the description of his stand as that of a "centralist." Not that this deterred some influential Liberals of implacable anti-centralist views from denouncing him and conspiring to bring about his downfall.

Mr. Whitlam feels no such inhibitions, even though his attitude brings him into conflict with three Labour State Governments (South Australia,

Western Australia and Tasmania), not to mention the other three with Liberal or anti-Labour coalition Governments.

Significantly, he prefers to speak of the national (rather than federal) Government. Officially, "Australian Government" has replaced "Commonwealth Government." He leaves no doubt as to which Government in his mind takes precedence.

Whatever hope the staunch defenders of State rights may have cherished of arresting or even reversing the trend towards a stronger Central Government must surely have been extinguished at the latest Premiers' Conference in June. At this annual charade—where federal leaders traditionally grandstand about the necessity for financial stringency and State leaders about the iniquity of federal stringency—Mr. Whitlam made it crushingly clear that the national Government would play an even more dominant and dynamic role in the future.

Since federation, the national Government has achieved supremacy, as Deakin foresaw, through the power of the purse or by referendum. This stems from its effective monopoly, since 1942, of income tax; its exclusive rights to customs, excise and sales tax revenue; its virtually unrestricted power to make specific purpose grants to the States on its own terms; and its control through the Loan Council of State and local government borrowing for capital works.

### Beyond resources

The result has been that the States—still primarily responsible for schools, hospitals, law and order, public transport and utilities—can no longer raise enough revenue themselves to meet the rising cost of these commitments. The States have come to depend—some more, some less—on federal funds for about half their annual income. The last Liberal-Country Party Government in Canberra yielded the right to levy payroll tax on employers; this gives them a modest growth tax, but not enough to ease significantly their financial dependency.

The national Government alone decides how much income tax it will raise and how much it will keep for its own needs (and ambitions). The States must make do with what Canberra is pleased to give them—

and to accept the regularly disputed formula for sharing this among them.

Canberra has also used its power to make specific purpose grants increasingly to subsidise and exercise control over universities and colleges, secondary and technical schools, public housing, highways, conservation and irrigation—all originally areas of State responsibility. The States have had no choice but to accept such tied grants, while continuing to demand freedom to determine their own priorities without federal directives.

It was against this background that Mr. Whitlam confronted the State Premiers in June—without any ideological dedication to uphold "State rights;" with pre-election commitments to boost education, welfare, urban essential services and regional growth; and with a national mandate to take far-reaching initiatives.

He left them in no doubt that the Whitlam brand of centralism would take four forms: stringent limitation of future federal financial assistance; the direct take-over (by financial coercion) in the absence of agreement of State responsibilities; closer control of federally financed State works and services; and direct funding of local government projects.

The Prime Minister confirmed the complete financial take-over by the national Government of tertiary education, and deducted the money the States would save from their tax reimbursements.

And, as he promised, the federal budget in August provided for further federal intervention in the traditional State responsibilities. In the future, Canberra may well accept full responsibility for the impoverished State railways. In a recent dispute with Victoria over health services, the federal Minister for Social Security offered to take over full responsibility for public health and hospitals—an offer indignantly rejected by the State.

Mr. Whitlam told the Premiers: "We believe it would be irresponsible for the national Government to content itself with simply providing money without being involved in the process by which priorities are set, by which expenditures are planned and by which standards are met." The reaction of the Premiers to these ominous prospects has ranged from anger and dismay

to realistic resignation. At one extreme is Queensland's Johannes Bjelke-Petersen, whose semi-wishful mutterings of a secessionist UDI, at the other, Victoria's R. J. Hamer, who concedes Canberra's prerogative to allocate national resources but insists on reasonable consultation and a measure of administrative autonomy for the States.

### Clash of views

Mr. Bjelke-Petersen, whose Country Party-led Government represents the Australian equivalent of America's deep South, has clashed with the national Labour Government on several issues. The most important of these are Queensland's rather feudal laws on treatment of Aborigines; realignment of the Torres Strait boundary between north Queensland and Papua-New Guinea; jurisdiction over the continental seabed (involving offshore oil and mineral rights); and exports of coal (Canberra claiming that Queensland is allowing a national resource to be sold off too quickly and cheaply).

Most of the other States have supported a petition by Queensland and Tasmania for an advisory opinion by the Judicial Committee on the offshore dispute, which has been simmering since the days of the Gorton Government.

The States are also agitated by the Whitlam Government's somewhat impetuous moves to abolish the remaining right of appeal to the Privy Council in cases arising from the State Supreme Courts.

There is little informed disagreement with Canberra's wish to sweep away "archaic relics of an imperial past" and its confidence in the competence and eminence of the Australian High Court (which is already the final court of appeal in all federal and constitutional cases). But the Prime Minister's tactless attempt to enlist Westminster's collaboration without even consulting the States in a matter affecting their direct relationship with Britain aroused their immediate suspicions and resentment.

State leaders say they fear that if the Whitlam Government can do a deal with London over their heads on judicial appeals, a precedent would be set for a measure of dignity and autonomy in the face of an increasingly powerful and pervading centralist Government.

bygone colonial era. This fessed anxiety is rather fetched. The British Government has no intention of setting the balance of federal state relations in Australia; has firmly suggested that conflicts be resolved within Australia by agreement, up to the High Court, or constitutional amendment by referendum.

One forum where this dispute and others could be examined is the forthcoming constitutional convention—the first since federation—to review the Commonwealth Constitution and Federal-State relations generally.

Sceptics doubt whether a gathering, or series of gatherings, of federal and State representatives—a device never provided for in the Constitution nor preceded by public convention—will achieve anything or even anything. The find it hard enough to reach consensus among themselves let alone with the Federal Government. And any proposed constitutional amendment must still be approved by the Houses of Federal Parliament and endorsed by a referendum (requiring an overall majority of voters and a majority of voters in at least four States—an obstacle rarely overcome).

Yet there is scope for some hard-headed horse trading. The Federal Government, despite its financial predominance, still lacks adequate or indisputable powers to regulate the economy—for instance, control of non-banking finance companies, control of wages and prices and full control over industrial relations. The Australian Government is also eager to take over responsibility for company law—an ambition being blocked by New South Wales and Victoria, partly to strengthen their bargaining power at the constitutional convention.

The most fruitful outcome of the convention could be that the States, in return for a guarantee of a reasonable share of national revenue and administrative independence, will agree to transfer some of the powers sought by Canberra.

For the Whitlam Government, such agreement would enhance its stature and authority; for the States, it offers the best hope of retaining a measure of dignity and autonomy in the face of an increasingly powerful and pervading centralist Government.



# slid New perspectives in foreign policy

By T. B. MILLAR, Director, Australian Institute of International Affairs

In nothing so much as in defence aid schemes, the foreign policy of the Australian Government has been distinguished from its predecessor. Within a few days of taking office, it changed the tone, emphasis, priorities and direction of foreign policy—little roughly at first, but with increasing coherence and sophistication thereafter. By the time of its elected representatives, Australia today has a very different image in the world from that of less than nine months ago.

The changes that have taken place in foreign policy are interrelated and stem from a common philosophical approach: that Australia needed to follow its own interests, to be less dependent on the United States and less committed to the support of American policies; that it should be more sympathetic than in the past to the aspirations, policies and emotions of developing nations; and that it had a leading role to play in its two adjoining regions—South-east Asia and the South Pacific.

Immediately after taking office, the new Government moved to recognise the Chinese People's Republic and established diplomatic relations with Peking with unusual speed. Military subscription, reduced to the Liberal-Country Party government, was abolished, the few remaining Australian servicemen in Vietnam were withdrawn and military aid to South Vietnam and Cambodia ceased.

**Troop withdrawals**

In December, Australia had over 2,000 servicemen of all arms in Malaysia and Singapore under the Five-Power defence arrangement. The Whitlam Government first announced that the infantry battalion and artillery battery would be withdrawn at the end of their tour of duty (February, 1974). Later, after discussions with the other governments concerned (Malaysia, Singapore, U.K. and New Zealand), it announced the withdrawal by February, 1975, of all Australian troops because of the presence of the technical about 150 involved in Taiwan and the absence of the Chinese People's Republic.

**Treaty attitudes**

In moving away from what it saw as an obsession with the American alliance, the Government became much cooler towards the SEATO treaty. As an official statement issued on July 2 declared: "The Government believes that SEATO is no longer relevant in the light of the changed situation in Asia. It is studying SEATO's role, but has decided that no important changes will be made by Australia without prior consultation with other active members."

At the time of the 1973 ALP Conference, the Government announced that the RAN would not take part in a joint SEATO exercise later in the year, for the planning of which it was mainly responsible.

The renewed bombing of North Vietnam by the U.S. in December 1972 brought strong official and unofficial Australian protests, which appeared as a sign of relations between the two peace, the new Government has Australia established diplomatic relations with the Democratic Republic of Vietnam. Korea, but a number of preliminary diplomatic and social moves have been made.

Australia has stopped attending ASPAC Ministerial or Standing Committee meetings of the withdrawal by February, 1975, of all Australian troops because of the presence of the technical about 150 involved in Taiwan and the absence of the Chinese People's Republic.

Whereas the Liberal-Country Party government considered impractical the Sri Lanka concept of an Indian Ocean zone of peace, the new Government has accepted the Malaysian suggestion for a "zone of peace, freedom and neutrality" in South-East Asia—a suggestion endorsed by the other ASEAN states, although without uniform enthusiasm.

**Decolonisation**

Australia also rejoined the Special Committee of 24, dealing with the implementation of Resolution 1514 regarding decolonisation. It voted with the majority of the Assembly on December 14, when it condemned Britain and other states for failing to implement the Resolution in its dependent territories, and called for steps to be taken without delay to grant independence to a list of small territories.

Australia has taken a firmer line against the Portuguese administration of its African territories and against South Africa. Sporting teams from southern Africa selected on a racial basis are refused admission to or even transit through Australia.

After inconclusive scientific discussions with France, Australia on May 9 filed an application to did not begin with the Whitlam Government. A whole range of group arrangements were entered into by earlier governments, beginning with the Colombo Plan in 1950. Labour was initially successful, in that it has removed some of the content, as with SEATO, Five-Power and ASPAC: it has although France ignored it.

The Australian Government has changed the emphasis in political terms. Thus Mr. Whitlam has sought a leading role for Australia in a "new, wider and genuinely representative regional association in the Asian/Pacific area without ideological overtones and designed to insulate the region against external interference and pressures." Putting this concept to Indonesia, the Prime Minister met a cool reception—one suspects on two grounds: (a) because Indonesia does not regard Australia as an Asian country, or as suitable to take regional initiatives of this kind, and (b) because Mr. Whitlam's proposal included the People's Republic of China, which Indonesia could not at this stage accept.

In other areas of the region, Australia has supported local initiatives. Labour, like its predecessor but with more fervour, accepted the Malaysian suggestion for a "zone of peace, freedom and neutrality" in South-East Asia—a suggestion endorsed by the other ASEAN states, although without uniform enthusiasm.

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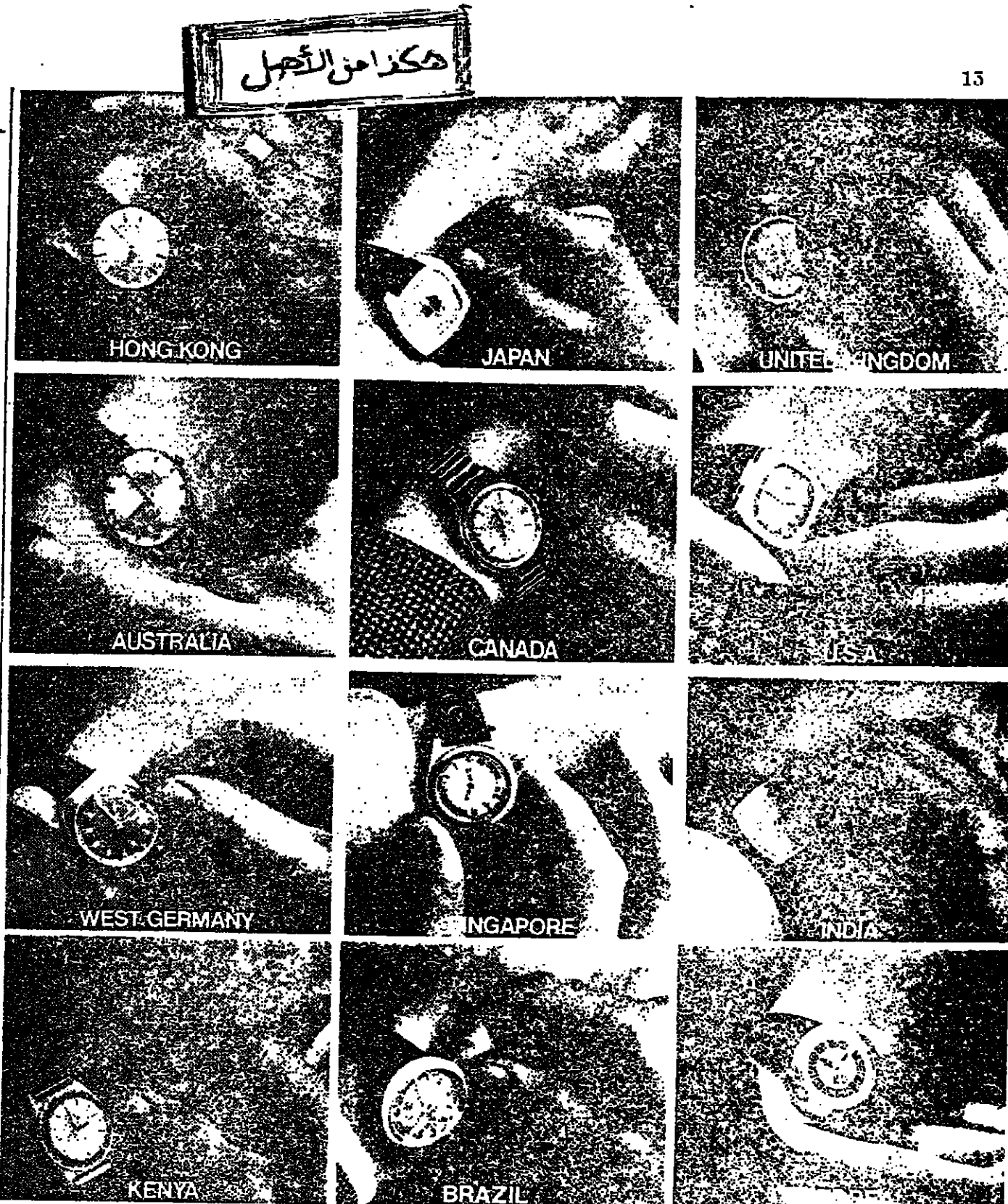
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# Trade with China should not be over-emphasised

By PHILIP BOWRING, Hong Kong Correspondent

There can be no doubt that hostile nations, such as Canada, made last year for the first time Australia's loss of its China which recognised it. Not only has that need disappeared but almost anyone is now welcome in Peking—as Cairns discovered when he found himself placed on equal terms with representatives of the Greek regime. However it is also the case that China resumed its purchases of new Government's policies have not smoothed the way for greater trade. But in the longer term any political motivation in China's trading may be at least as much influenced by its view of Australia's role in regional geopolitics as by the colour of the Government in Canberra. Dr. Cairns has predicted that 1972-73, though this is partly trade between the two countries over the next five years will be double that of the last five. This is not a spectacularly over-optimistic assessment in view of the more than two-year stoppage of wheat sales. Nonetheless, even assuming that wheat sales return to over \$4100m, Canada as chief supplier. The Chinese appear to have been saying different things to different people on this subject and they take care to keep the situation fluid, inciting optimism without tying themselves to specific commitments. This certainly appears to be the case with the promised long-term agreements on wool, wheat and other commodities.

These had not emerged by the end of Trade Minister Pal Hsiang-kuo's visit to Australia in late July. Though in theory a wheat deal in particular would be a useful assurance for both sides a lot of hard bargaining is needed and in the end neither side may regard a specific agreement involving quantity and price as attainable. While in Canberra Pal Hsiang-kuo did however sign a general trade agreement which while containing nothing dramatic does establish a framework for the development of trade. Among other things it provides for "discussions for long-term commodity arrangements" and for mutual most favoured nation treatment in the issue of import and export licences and the allocation of foreign exchange for trade. Neither clause is contained in Australian agreements with other communist countries.

However there is a long way between friendly words and actual trade. Labour seems to have exaggerated the trade benefits of ideological attitudes more acceptable to China. In the days when China was seeking world recognition it was prepared to use trade as a reciprocal favour towards less

Although political and trading ties, and ministerial communication, between New Zealand and Australia are stronger now than ever before—the advent of Labour Governments in both countries in the same week last November helped to create a new rapport between the leadership of both countries—New Zealand has no intention of being a weak echo of her bigger and more powerful Tasman partner.

In the eight months since Labour came to office New Zealand's Prime Minister, Norman Kirk has initiated a new look and established a stronger position for New Zealand in foreign affairs. He is prepared to take an independent stand and does not necessarily wait for Australian reaction before making decisions or taking action in the foreign policy field.

Sending the New Zealand navy frigate Otago on a protest voyage to the French nuclear test zone is probably the most dramatic and most obvious example. It is understood that Australia saw no point in this and regarded the earlier Kirk declarations as a last resort. New Zealand would consider sending a protest vessel as statements made for political expediency and unlikely to be implemented.

When the Australian Deputy Prime Minister Mr. Barnard arrived in New Zealand a few months ago his attitude and early public statements made it clear that Australia would fine its protest to its approach to the International Court. Before he left New Zealand Mr. Barnard's attitude had completely changed and he was able to announce that Australia would send a supply ship to refuse the Otago.

New Zealand has adopted a different approach from Australia in many other matters affecting the Asian and Pacific region. It has reaffirmed its support for Annuk and told its five partners that New Zealand forces will remain in the area despite the fact Australia is committed to pulling out. New Zealand lobbying and fact-finding in the area has been carried out in a different manner too, and seems so far to have been more successful.

Whereas Mr. Whitlam during an Asian tour made statements which sometimes upset his hosts and Asian neighbours, New Zealand instead quietly sent the Minister of Defence, Mr. Faulkner, on a low key fact-finding visit during which he constantly asked his hosts "What do you want us to do." Ministerial consultation, both by trans-Tasman telephone and by personal contact, has never been greater between the two countries. Ministers are jetting

## AUSTRALIAN EXPORTS AND IMPORTS FROM CHINA IN AUSTRALIAN DOLLARS

	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
Exports	126.4	87.2	125.6	63.2	37.2	41
Imports	23.5	29.6	32.0	31.5	41.3	49

cannot be regarded as permanent, and even though there is talk of China buying iron ore this would probably only be in smallish quantities for up-grading local ores. Bauxite the Chinese have plenty but need to import the processed product because of the low quality of home smelting. Sugar is another case—its needs are largely for a particular type for canning industry.

In general, then, if China continues to want to expand its foreign trade and to some extent ease its self reliance policy, there is some scope for Australian exporters. But wheat looks likely to return to its position at the top of China's buying list, whether or not Australia regains the lion's share of that trade.

From China's export viewpoint Australia has provided a steadily if not dramatically growing market. Sales rose from \$423m. in 1967-68 to \$414m. in 1971-72 and \$440.5m. in the first ten months of 1972-73. Principal items are textiles (\$221.8m. in 1971-72), clothing and footwear

(\$46.5m.), and a wide variety of manufactured articles (including alarm clocks, of which China is Australia's main supplier). There have been some worries in Australia from their low cost producers—such as Hong Kong which has been expanding sales more rapidly than China. Though the recent 25 per cent. tariff cuts which give China new opportunities to take advantage of them.

Exciting though the prospect of China trade may have seemed to be to Australia, it is worth noting that in 1971-72 it accounted for only 1.6 per cent of Australia's total foreign trade. In the mid sixties when the wheat boom was in full swing and before the Mineral boom it was substantially more important. But the very need that can probably be hoped for over the next five years is that it will return to about 21 per cent of foreign trade—the same as in 1967-68.

## New Zealand refuses to be a junior partner

By DAI HAYWARD, Wellington Correspondent

back and forth across the Tasman for talks with their opposite number with remarkable frequency. Sometimes the trips are barely mentioned publicly—not for any reason of secrecy but simply because the discussions are on a much lower detailed level than was often the case in the past.

The political rapport has also extended into the trade area with manufacturers and exporters in both countries anxious to increase the flow of the NAFTA (New Zealand Australia Free Trade Area) agreement even more comprehensive and workable than it is at present.

Over the years enthusiasm for NAFTA has waxed and waned in the two countries. First, it was the New Zealand manufacturers who feared the competition which Australian goods might produce. Then, as the advantages of the Free Trade Agreement it was the Australians who had reservations that New Zealand goods, encouraged by export incentives would upset their home market. Now, however, manufacturers in both countries seem equally enthusiastic about NAFTA.

A joint working party representing both Australian manufacturers is now operating with the objective of making NAFTA work better. The number of items added to the duty-free list this year, the NAFTA agreement, which came into existence on January 1, 1986, began with 1,051 items on the list. During the next six years additions averaged just over 50 items a year until this year, when 146 new items were added to the list, bringing the total to 1,547.

Although trade covered by NAFTA has steadily increased over the years so too has trade outside the duty-free agreement. Total two-way trade across the Tasman now stands at \$221m. of which \$165m. is in goods covered by the Schedule A duty-free agreement. The value of duty-free trade has remained at a fairly constant level of 75 per cent of total trade.

One reason for the progress in many general trade areas has been the rationalisation of production within the same industry. By limiting production to agreed lines, factories in both countries can share the total market with both benefiting from economies in distribution, stock and from longer production runs. The growth in trade, and improved warmth towards NAFTA does not mean that all worries and difficulties have been resolved. Plenty still remain. Australian basic raw materials, particularly chemicals or minerals produced locally have protection over imported raw materials. Because New Zealand does not have these natural raw materials they are often imported duty-free. This often gives New Zealand manufacturers particularly in plastic and metal industries, a price advantage over Australian firms who use the same imported raw materials. Naturally the companies have reservations about this.

CONTINUED FROM PREVIOUS PAGE

## Trade position

sweeping tariff reforms. From then on any suggestion that Australia had over-compensated for structural changes would be much more likely to be pinned on cuts in the customs tariff, than anything previously done about the exchange rate of the Australian dollar.

With few preliminaries and without warning, the Australian customs tariff was cut by 25 per cent across the board, an action whose effect was officially thought to approximate a 6 per cent revaluation of the currency and was expected to increase imports by at least \$A300m. in a full year (mainly in the category of finished consumer goods).

The adoption of such a measure was the more astonishing for being conceived and followed through essentially as a substitute for short-term fiscal and/or monetary policy—that is, to deal with a danger of inflationary overheating of the domestic economy. These aspects do not concern us here, except as throwing light on subsequent criticism of the Government's action. Almost speechless at first, such representatives of protected industry as the motor manufacturers (for whom the effective rate of protection had averaged 65 per cent.) and clothing factories (an average effective rate of duty of 63 per cent.), soon declared themselves seriously threatened by the loss of tariff support.

However, to a large extent it is eminently fair to present the tariff measures as having come

in response to long-term structural needs. Australia's industrial tariff, with an average effective rate of 46 per cent., was one of the highest in the world. The country had consistently avoided meaningful participation in multilateral tariff cuts negotiated under the auspices of GATT. And last December the OECD (Organisation for Economic Co-operation and Development) was highly uncompromising about Australia's multi-layered protection policies in its first-ever published study of the Australian economy.

At least it could be confidently argued that large segments of manufacturing industry, no longer required the blanket of tariff protection which had been costing the Australian tax-payer an all-round \$A2,700m. a year in effective subsidies. Structural changes were already complete to the extent that many industries had become fully established (probably decades ago) and that it had ceased to serve national objectives to attract more newcomers to several fields of activity. For instance, self-sufficiency had ceased to be a strategic or economic necessity, partly at least as a result of the expansion of the new major export activities in minerals and beef.

Admittedly the July 18 reform went further, indiscriminately stripping protection from industries needing it as much as from all others which were no longer vulnerable. This is clearly an area of greater controversy, implying conscious

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# Firms slow to accept Government's policy

By KENNETH RANDALL

From early in 1972, many of Australia's most astute businessmen were convinced that the Australian Labour Party, under Mr. Gough Whitlam, would win the general elections towards the end of the year. Few of them were dismayed by the prospect. Some backed their judgment with public statements bordering on support. A majority probably took out the insurance of donating to Labour's campaign funds.

Yet the sense of shock and disbelief within the business community at the sight of a Labour Government in action was, within a year, the most obvious of all public reactions to the change. "We are constantly surprised," said the consultants, Cramb Tariff Services, in a budget-eve bulletin to clients, "by the number of businessmen we meet who seem to refuse to accept that times, in relation to tariff policy, have changed. These men, successful in their own fields, appear to harbour the deep-seated belief that the Government, for all its talk and actions to date, is not really serious in its intentions and that finally it will revert to the policies of the past 20 years. Nothing could be further from the facts."

Mr. Whitlam himself, in an address to industrialists only two months earlier, had said: "I want to reassure you that ours is a highly predictable Government. I confess it makes me quite impatient when I hear that business is uneasy or uncertain about our intentions. I venture to say, in all seriousness, that no administration in modern democratic history has entered office with its intentions so precisely and specifically spelt out—and spelt out over so long a period."

## Uncertainty remains

The overwhelming evidence supports Cramb's and the Prime Minister but the fact is that uneasiness and uncertainty remain. Perhaps Mr. Whitlam put his finger on the cause when he said in that June speech: "If anyone has been surprised, I can only take it that there is still an element of surprise in the fact that an elected Government will actually do what it said it would do."

To some extent, the flabbiness of the industry associations and other lobbying groups which lived so comfortably through the past 23 years of non-Labour government, must shoulder blame for the credibility gap. But they were not alone. Even the Australian Financial Review began its main report of the July 1973 tariff cut (25 per cent on all items) by describing them as "historic and entirely unexpected." Yet every major element of the decision had been examined in detail by the Prime Minister in his speech a month earlier.

The tariff decision was taken in the name of anti-inflation



Blast furnaces at the B.H.P. steelworks at Newcastle, New South Wales.

policy, though its effect in that area may be limited, at best. As an earnest of the new Government's intentions for industrial development, however, it had an incalculable and certainly "historic" significance. The official announcement of the tariff reduction and associated decisions, running to 15 pages (much of which still has not fully penetrated public consciousness), tied together some of the most publicised and important policies of the Labour Party: extensive reallocation of resources, job retraining and relocation programmes, revision of the methods and machinery of industry assistance and tighter co-ordination of assistance policies.

Mr. Clyde Cameron, the Minister for Labour, had already published the outlines of a national manpower policy which he expected to introduce by the end of 1973. The Government had received (and largely endorsed) a report from the eminent economist Sir John Crawford on an industries commission to replace, and expand upon the work of, the Tariff Board. Through the new commission, Mr. Whitlam had said, "the Government intends to lay the basis for an industrial policy for Australia in which the emphasis will be upon change and dynamic adjustment."

Other elements in the process of forcing change were the Government's proposals for selective price justifications (in the absence of power to directly control), federal company law and stock markets supervision, stronger action against restrictive trading practices, foreign

Perhaps the one area of business where the Government did not telegraph its intentions is that of the multinational corporations. The unexpected virulence of the attacks on multinational corporations and political expediency and is unlikely to be translated, for the time being, into specific policy actions. Undoubtedly, though, it has added to the siege mentality in some sections of business.

The extent of this attitude is not at all clear. While many spokesmen for organised business present it as universal, the official statistical indicators (to take one instance) tend to suggest that any crisis of confidence is quite narrowly based if investment decisions and profit expectations are any sort of guide.

## Not 'anti-business'

Senior ministers, from Mr. Whitlam down, have gone out of their way to stress that, although times certainly have changed, they are not intrinsically "anti-business." The Treasurer, Mr. Frank Crean, has carried probably the greatest burden of this work (and several times been laughed or shouted down by his audiences). In his view, "... what we are aiming to do is to develop a climate in which there will be an active and healthy competitive spirit, coupled with a readiness to respond to the challenge of change, both in our domestic industry and in our international trading."

By the past standards of Australian industry, the prospects, being held out by the Labour administration, may seem bleak in the extreme. By anybody else's standards, they are not so extraordinary. For one thing, the inevitable involvement of the trade unions in any Government-induced restructuring is a substantial safeguard. Speaking of the tariff cuts, Dr. James Cairns, the Minister for Secondary Industry and Overseas Trade, says: "It has been done in a genuine effort to deal with inflation. There will be an equally genuine effort to make sure that Government, trade union and business co-operation ensures that no cost of this will fall only upon those affected, and every effort will be made to see that the position of those who may lose their jobs will actually be improved."

The concepts of rigorous competition, efficiency, cost-consciousness outside the protective umbrella of the tariff and harsh public scrutiny may be unfamiliar but they are gaining wide community endorsement. To borrow again from Cramb's "... industry must accept that the Government is 'fair dinkum'... times have changed. There is no sense in refusing to recognise it."

## Public scrutiny

Just how far Labour's complex and over-lapping ideas will succeed remains a matter for conjecture. Because of the Australian constitutional situation, some of them necessarily rely on public scrutiny and exposure rather than direct legislative authority. But there is nevertheless a substantial measure of direct power available and of the general intentions there can be no doubt whatever.

# Reduced tariff walls

By MICHAEL SOUTHERN

Australia's manufacturers were born on the right side of a tariff wall, and have, since preferential days, grown and matured that way. Under Sir John McEwen, the tariff wall reached its highest. In July of this year, the government took its first, and massive swing at the wall, and inefficient industry in general, with an overall 25 per cent reduction in tariffs.

True, some of the industries involved can, and will, make representations to the government showing cause why tariffs should be restored for them. Heavy engineers are in the vanguard of this movement. It is also true that there will be some unemployment as a result of the breakdown in tariffs (some ministers estimate 30,000 jobs). It is probable that this will not be the first tariff reduction by this government, and the July measures were a bitter taste of things to come.

For, behind that tariff wall, Australian industry has grown at a pace to the Australian public that is difficult to estimate. It has been a simple cost of paying more for many goods simply because Australia could not produce them at prices comparable with those of overseas manufacturers.

The arguments have rarely varied. Without the tariffs industry would not have grown, investment would have been made, and the jobs created—and the prosperity that the community at large enjoys would not have reached its present level. Laudable as this argument might be, it has been at the same time, there have been at the same time, industries which have December revaluation nor with a degree of change that

used tariff protection to cover inefficiencies that, in an open and competitive market, would not be allowed. But one argument for their survival has always been the social need—and many have been tolerated simply because they create jobs. The reduction of the tariffs was a move to help relieve inflation, but the effects have still to be seen. The Whitlam Cabinet has had some degree of division on the subject, and there are strong groups both for and against tariff protection. Up to now, the consumer-orientated groupings behind Mr. Whitlam are winning, for there is good political capital in cheaper television sets, footwear, chemicals, and so on. It has to be offset against unemployment, but with full employment and inflation at 13 per cent annually, the fact at this point in time is that any labour displaced by tariff reductions can be taken up somewhere else.

## Largest contributor

It is wrong to underestimate the importance of the manufacturing sector in the Australian economy. Economic census figures for 1969-70 show that in the total GNP, manufacturing was the largest single contributor, accounting for 27.8 per cent, with a factor cost of \$47,531m. Estimates now suggest (though statistics are not available) that manufacturing accounts for around 30 per cent of GNP.

The industry's real and immediate problem, however, is not the same rests neither with the factoring industry is now faced with a degree of change that

could be massive. The heavy engineering sector, for instance, built up to service the massive mining developments, is finding the going difficult now that those developments have, for the time being at least, stopped. And with lower tariffs making the imported alternatives cheaper, they may have troubles getting started again.

Motor car manufacturers are enjoying a boom with sales up 15 per cent this year, but it is a boom overhung by strikes which have affected production and the spectre of increased Japanese interest in this market through manufacturing. The government's attitude is the key here, and the answer is not known.

The other is that of private investment, which has been falling since 1968, and sharply since September 1971. In the March quarter of this year there was a 0.3 per cent rise in new capital expenditure, the first rise since September, 1971. But to offset this grim situation lies the fact that in the same quarter, there was a rise in new capital issues by public companies, from \$418.2m. in the December, 1972, quarter to \$421.8m. The level is now around that of the June quarter of 1971. This is seen as heralding a rise in private capital expenditure later this year.

But no one is certain that, in spite of the indications, the rise will take place. Manufacturers in the country are suspicious of the Prices Justification Tribunal, established by the Government in an effort to control prices. No one is quite sure just how it will work, and what its exact powers will be. Until it does fly its true colours, industry will remain hesitant—a number of companies have already indicated that they propose to ignore it.

As with many other facets of the Australian economy, manufacturing industry is now faced with a degree of change that could be massive. The heavy engineering sector, for instance, built up to service the massive mining developments, is finding the going difficult now that those developments have, for the time being at least, stopped. And with lower tariffs making the imported alternatives cheaper, they may have troubles getting started again.

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## INDUSTRY

# Enough iron ore to become a major steel producer

By DESMOND KEEGAN

The only Australian iron and steel producer, Broken Hill Proprietary Co. Ltd. (BHP), is testing the Government's new prices tribunal with a demand for a 9½ per cent. price increase.

Predictably, the application has been dubbed "an outrage" by the trade unions who were quiescent after their July wages battle which landed them a settlement from BHP in the form of higher wages and improved conditions.

On the other hand, large and vocal shareholding groups were adamant that the rise will do little to assist BHP's return on its massive investment in iron and steel plant. They pointed out that its absolute profit is large because of its good fortune in finding oil and gas and BHP's daring in leading the consortium which developed the Mount Newman iron ore complex.

BHP is now in a position where it can press ahead with plant to make and ship vast tonnages of pig iron and raw steel to the big markets. While this is the type of investment decision which would give Australia a great deal of economic rationalisation, it will not happen unless the rewards are sufficient to service the vast capital needed to initiate the plant.

BHP has already indicated that it sees the need for an investment programme of world \$A1.350m. over the next seven years in order to meet the

demand of the 1980s. But, without price rises, it sees the return on its investment dropping to less than 8 per cent. a year. Already, because of BHP's delay in its new investment programme, some types of steel are in short supply.

There are other companies interested in steel production in this country. With the vast iron ore reserves that exist, international groups have been watching the situation, and the Government, too, is clearly interested in ensuring that more of the iron ore is processed in Australia prior to export. And, when one considers the extent of Australian ore resources, it is logical that eventually, the country must become one of the major steel producers of the world.

## Mesabi output

The Mesabi Range in the U.S., which provided the muscle to enable America eventually to dictate to the old European powers, has yielded about 3,000m. tonnes of ore since it was discovered towards the end of the last century.

By the 1980s, the world will be using a Mesabi Range every three years. Even allowing for impurities in Australian ores there is a great future for its high ferrous content and its sheer magnitude. In a year of world steel recession the Pilbara was able to undertake about 10 per cent. of world iron

ore production. This year Pilbara men say they will produce far more than the Mesabi Range did at its peak and it will be ore of a much higher grade.

It may also be of interest to note that the West Australian Government reports that the proven reserves of iron ore in the State are over 25,000m. tonnes. Mr. Russell Maddigan, chairman of Hamersley, says that the reserves are even more abundant than this and few iron ore miners doubt that some staggering reserves will be found.

These huge tonnages are not likely to leave Australian ports without some benefits in the form of processing plants as the likely spin-off. Mr. Connor is already prepared to use contracts to seize other objectives, such as the Japanese compensation payments for the damage done to Australian iron ore producers whose futures looked bleak when the American dollar was devalued.

Lately, things have not been rosy for BHP and the company has seen fit to issue a measured statement to defuse some of the misconceptions held about steel in Australia.

Mr. J. C. McNeill, managing director, said recently: "At the present low return on funds employed, further investment for even minimum expansion of the steel industry required to keep up with average market growth cannot be justified."

This has been treated with dismay in the manufacturing and construction sectors of the community as there is a stunning shortage of steel because of the boom in housing and production of consumer durables.

## Realistic pricing

"But," says Mr. McNeill, "a remedy for this is available and it lies in more realistic pricing."

The twin requirement of ample supplies of steel under all conditions and maintenance of artificially low prices, in relation to present costs of production, are obviously incompatible. This is indeed trying to have it both ways."

He went on: "What is needed now is the basis for a business judgment to rid the community of some of its irrational opposition to steel pricing policies. It is necessary to recognise that the adequate supply of steel in Australia depends on this and that BHP, big as it is, is nevertheless subject to the same rules of economy that apply to all private enterprises."

Mr. McNeill also said: "The proposition that the iron and steel industry must be expanded with private funds irrespective of the merits of the investment is plainly nonsense. The need for steel to be profitable in its own right is not lessened by the availability of cash flow from the diversion into oil and natural gas. The proposition

that the winners should shore up losers in temporary difficulty is certainly valid—but how temporary is temporary."

There are vast plans for new iron and steel complexes in most States and Queensland looks set to beat West Australia in getting a big export steel plant. Queensland has the coking coal needed for steel in great abundance; it has the ports and climate and it needs heavy industry to realise some of its great potential. But there have been no significant flows of iron ore.

New South Wales already has two big iron and steel plants and there is talk of a major steel plant at Jervis Bay. However, the conservationists are already in an uproar about this plan and the outcome is still uncertain.

There is ample coastal space away from population centres to produce pig iron, steel and shapes in enormous quantities if the investment is forthcoming. It will almost certainly be available eventually, either under a Labour government or a Liberal government of the future.

In the long run, a measure of maturity will be needed in Australia simply because it will have to compete with the African and Brazilian fields. Mr. Whitlam must take advantage of the tremendous iron ore reserves, although they are of varying quality.

# Lucky upturn for aluminium

By J. N. PIERCE

The dramatic upturn in the world aluminium industry has come at an astonishingly lucky time for Australia, coinciding with substantial increases in alumina refining and bauxite mining capacity.

But problems remain for the Australian industry in the form of currency losses on exports and serious doubts of future growth under the strictures of the new doggedly nationalistic Federal Labour Government.

The domestic market for primary aluminium, which shrank by nearly 4 per cent. in 1972 to end a long succession of annual gains, is expected to expand strongly by at least 20 per cent. in 1973. Such a gain would bring domestic consumption to around 164,000 metric tons, or roughly 70 per cent. of the annual rated capacity of Australia's three smelters.

## Currency losses

But on export markets, where the combination of bauxite, alumina and aluminium ranks third in importance after iron ore and coal, the benefits of a strong growth in shipments are being blunted by the currency realignments which have taken place since the end of 1971.

Before the Smithsonian Agreement late in 1971, an export price for primary metal of U.S.24c. per lb. yielded the Australian producer about A20.2c. To-day, U.S.24c. translates into only A16.9c. To get back to a A20.2c. return—about the break-even point for Aus-

tralian smelters—would require an international price of nearly U.S.29c. This prospect has, in fact, moved nearer with an early June increase by the U.S. and Canada of their selling price outside North America to U.S.28.5c.

Unlike the Australian iron ore producers and coal miners, the aluminium producers have yet to win any currency adjustment concessions from the Japanese. However, prospects in this direction look hopeful. The best that can be expected, however, is a partial restoration of the losses arising from the two U.S. dollar devaluations in December, 1971, and mid-February, 1973. The Japanese will hardly be sympathetic about losses stemming from Australia's unilateral 7.05 per cent. revaluation of last December since it was a self-inflicted wound. But although the currency losses since 1971 add up to a daunting total of 26.5 per cent., they promise to be more than offset by higher production and sales.

Mine production of raw bauxite by Comalco Ltd.—the only Australian aluminium group to disclose regular detailed figures—was 2,330,000 metric tons for the June quarter, or 36 per cent. more than output for the corresponding three months in 1972. Its June quarter bauxite shipments jumped by 47 per cent. to 2,551,000 metric tons and its output of primary metal (including its half-share of production of the Bluff smelter in New Zealand) gained by 22 per cent. to 78m. lb. Gains of this order can be expected to con-

tinue throughout the Australian industry for the rest of 1973.

Including Bluff—owned 50 per cent. by Comalco and 50 per cent. by Showa Denko and Sumitomo Metal of Japan—total smelting capacity of 344,000 metric tons is now fully employed. Alcoa of Australia, which cut back output at its Point Henry smelter in Victoria by 15 per cent. in September, 1971, moved back to a full production rate of 91,400 metric tons during the final quarter of 1972. Comalco, which imposed a 12 per cent. cutback at its Bell Bay smelter in Tasmania at the beginning of 1972, has just resumed a full production rate of 95,500 metric tons. Alcan Australia's Kurri Kurri smelter in New South Wales has similarly moved to full capacity production of 45,400 metric tons for the first time since it opened in 1969.

The new Bluff smelter—probably one of the lowest cost producers in the world—expanded its production rate from 74,000 to nearly 112,000 metric tons last September. This higher output at the smelter end largely represents the re-employment of capacity which had been forced to lie idle by the world-wide recession in aluminium.

## Capacity working

The astonishing luck of the industry lies in the fact that the sharp recovery from that recession has coincided almost exactly with the completion of substantial and long planned additions to alumina refining and bauxite mining capacity.

Somewhat fortuitously delayed by a series of construction union strikes, the multi-national-owned Gladstone refinery in central Queensland has just completed a final expansion which increases rated annual capacity by nearly 60 per cent. to 2,032,000 metric tons (2m. long tons).

On its past record of over-capacity performance, the refinery is capable of an actual production rate of more than 2.4m. metric tons, making it by far the largest—and probably the most efficient—in the world.

This expansion, together with the start-up of the Sardinia alumina refinery of Eurallumina SpA (in which Comalco has a 20 per cent. interest), means bigger markets for Australian bauxite since both plants draw all their bauxite supplies from Comalco's huge Weipa deposit in northern Queensland.

Along with Gladstone, the Swiss-Australian alumina refinery at Gove, in the Northern Territory, has just come on stream with an expansion which doubles annual capacity to 1,016,000 metric tons.

On the western side of the Australian continent, Alcoa of Australia has started on an expansion programme, scheduled for completion by the end of 1974, which will lift the combined capacity of its Kwinana and Pinjarra alumina plants near Perth to 2.2m. metric tons.

Beyond this, however, the prospects for further major expansion in the Australian aluminium industry are clouded by two main issues.

Since December, in a remarkably successful attempt to choke off the strong inflow of capital to Australia, the Federal Government has required that 25 per cent. of overseas borrowings must be lodged interest-free with the Reserve Bank. There have been no large overseas borrowings since the imposition of this requirement, and it is now taking on an air of disturbing permanence.

The second barrier to new projects is the rigid Federal Government stance on overseas ownership. Prime Minister Gough Whitlam is determined that the present 63 per cent. level of foreign ownership of the Australian mining industry must not be exceeded. His Minister for Minerals and Energy, Mr. Rex Connor, has gone further by hinting that there will be no direct overseas investment in the minerals industry in the future—but foreigners will be welcome to make loan funds available through the Government-sponsored Australian Industrial Development Corporation.

## Projects stalemate

With overseas loan funds cut off and foreign participation restricted if not barred, two new alumina projects—Alwest BHP-Reynolds in Western Australia and Comalco and nine overseas companies at Weipa—are stalemated and three others—the Pacminex and Amara alumina plants in Western Australia and a large Comalco-sponsored aluminium smelter at Gladstone—stand doomed to remain on the drawing boards.

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# Aerospace proposals are hanging fire

By MICHAEL SOUTHERN

At the beginning of this year, there were several bright stars on the aerospace horizon. Perhaps the brightest was the proposal for a rationalisation of the industry through a merger of the three companies into one, with the government as a 51 per cent. shareholder.

Then, there was the prospect of a \$A355m. light destroyer project, a maritime reconnaissance procurement plan and the replacement of the Mirage fighters used by the air force. These projects were important not because local companies had any chance of contracting for them, but simply because each could have resulted in some valuable long-term offset work that the industry needs to stay viable.

Australia will not, in the immediate or foreseeable future, build her own fighters or undertake any of its major

defence requirements. The demand is simply too small and the cost too enormous. But at the same time the government has expressed some desire to see the aerospace companies operating and making worthwhile contributions to the defence effort.

## Company owners

The Commonwealth owns one of the three companies—Government Aircraft Factory. Hawker de Havilland is a subsidiary of Hawker Siddeley, and the third arm is the Commonwealth Aircraft Corporation (CAC).

The CAC shareholders include Broken Hill Proprietary, Rolls-Royce, ICI, Broken Hill, North, Broken Hill South and EZ Industries. P & O also has a shareholding. The merger plan proposed to put all three

together, minus some of the commercial side of the Hawker de Havilland installations such as sailing boat building and some other contract work, into a single group in which the Australian government would take 51 per cent. In the first half of this year, it was apparent that all was going smoothly and the merger almost became a foregone conclusion. But, as the demands of the left wing of the Labour Party for more and more money for social welfare projects increased, the rationalisation plan took a place of lower importance, and the much awaited announcement from the Minister of Defence, Mr. Lance Barnard confirming the merger, is still much awaited.

Getting work for this industry has always been a problem. To keep some installations going the companies have often diversified into other areas, so the aerospace industry is involved in such items as the manufacture of seats for planes and trains, and of sailing boats.

There are some companies with major projects on hand. The Government Aircraft Factory, for instance, has the successful rocket propelled Dora torpedo, and the small Jindivik target aircraft. These have attracted orders from foreign governments. It also has the STOL project Nomad, a small aircraft being marketed commercially by the airline division of Mr. Rupert Murdoch's News Limited empire. As well it has attracted a number of Government orders.

The industry has survived as a result of offset orders, mostly with U.S. groups. Thus, the Commonwealth Aircraft Corporation

Continued on next page



**Final assembly area of British Leyland Australia's plant in Sydney**

REGISTRATIONS			
February-April, 1973			
	Vehicles	%	
GMH .....	30,338	29.39	
Ford .....	27,342	26.49	
Chrysler .....	9,961	9.39	
Toyota .....	8,824	8.55	
Nissan .....	8,376	8.10	
Leyland .....	6,938	6.72	
(Source, Adaps.)			

REGISTRATIONS	
February-April, 1977	
	Vehicles reg.
GMH .....	30,338
Ford .....	27,342
Chrysler .....	9,961
Toyota .....	8,824
Nissan .....	8,376
Leyland .....	6,938
(Source: Adaps.)	

<p>The local makers suffered a further blow with the widespread reduction in tariffs of 25 per cent. in the middle of this year, a move that clearly, in conjunction with the revaluation of the Australian dollar in December, 1972, made it easier for the Japanese makers to export fully assembled vehicles to Australia to supplement their assembly lines. Imports of Japanese vehicles have reached record proportions prior to the tariff cuts in</p>	<p>But the motor industry's problems do not end with the Japanese challenge. Problems arising costs, environmentalist lobby, and the growing string of influence with government, safety and pollution measures, and a general anti-motorcar line growing among government and the public have to be faced.</p> <p>Australia is one of the top car ownership countries in the world—more for each 3.1 persons. Since the change in gov-</p>	<p>markedly reduce the need for car ownership in order to cope with thoroughly inadequate public transportation systems.</p> <p>In spite of all these problems, the country is coping with safety proposals that include some cases unique and stiff anti-pollution requirements, the industry still maintains its view that Australia is a good growth market for cars. An ownership rate of one car for every 1.8 or two persons is considered feasible.</p>	<p>markets in New Zealand, South Africa and South East Asia.</p> <p>The value of these exports has become quite substantial. GMI in financial 1971-72 exported vehicles to the value of \$4.69m, and it has exported vehicles to a total value of \$4,299m, since the late 1950's. Ford exports in 1972 were valued at \$4,839m, and Chrysler \$4,19m. The total value of exported vehicles has grown from \$3,46m. in 1967-68 to \$4,130m. in 1971-72.</p>
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By MICHAEL SOUTHERN

Estimates of the total value of the packaging industry to Australia vary. There is, however, a general consensus that something like \$A500m. a year is spent on the raw materials like paper, timber, plastics, glass and textiles. If one adds to this the printing and design costs, the figure is probably in the region of \$A1,000m.

It is a big market, and there are more than 280 companies and firms involved in it. In addition, there are others who come into packaging in a secondary way, such as printers. Some of the major companies like Kellogg and AMATIL have developed their own packaging arm for their breakfast foods, cigarettes and other products.

With such a diversity of companies involved, the major groups see a need for rationalisation to overcome, on the cardboard and corrugated fibre side in particular, problems of over-capacity and over-production that have been affecting profits.

weight (an important factor in a country where transportation costs are high and distances long) and low price. Unlike most other commodities, plastic prices have been falling since the early 1960s.

In the future, plastics are looked upon as a major challenger to glass for the bottle market, though Australian Consolidated Industries, one of the major glass and packaging companies in this country, has recently married the two to produce a glass bottle with a plastic coating, and has an installed capacity for 50m. bottles a year. ACI has also been expanding rapidly in other areas, and apart from a \$A25m. programme that includes both flat glass expansion and other packaging plans, the group has entered into an agreement with the Daiwa Can Co. of Japan to establish a two-metal (tinplate and aluminium) can factory in Australia at a total cost of \$A16m.

In spite of the inroads made if it continues, this could have a significant effect on future growth. Public outcry over the piles of beer and soft drink cans that litter parks, suburbs and some of the seemingly remote beauty spots in the outback has resulted in establishment of recycling plants.

They have so far had little economic appeal but it is quite significant to see how much advertising there is stressing the re-usability of the materials while the non-biodegradable plastics people have, in one case, used a novel argument that their packaging is best of all for hard soil such as gullies and swamps because it does not degrade or give off chemicals or gases "which could pollute the soil and water passing through into creeks and streams."

## Recycled glass

Glass manufacturers are also organising campaigns stressing the constant re-usability of a

**Growth area**

The corrugated and fibre board sector is the largest area of paper packaging and one of the most important in the total market. It represents some 40 per cent of the paper and paper board area, which in turn is now 39 per cent of the total market. It is one of the significant areas of growth—from 30 per cent in 1956 to its current figure just under 40 per cent of the total market. Metals in the same period have grown from 26.6 per cent to 29 per cent, plastics from 3.6 per cent to 13 per cent, while glass has declined from 11 per cent to 10 per cent, wood from 10.6 per cent to 4 per cent, and textiles from 15.7 per cent to 6 per cent.

As these figures show, the inroads that plastics have made over the last 15 years have been quite significant, and are continuing to be so. During the 1960s, use of plastics in packaging grew at a rate of 21 per cent a year while it has a projected growth rate of around 12 per cent a year to 1975, and according to industry sources, about 9.5 per cent a year through to 1980. The total value of plastic packaging is expected to grow \$4273m. by 1980. Its growth in the flexible packaging area has been particularly attributable to its light

the future. In 1967-68, it was estimated that glass packaging and containers were worth \$38m, while an overall growth rate of 4.5 per cent a year is estimated through this decade together with a decline in glass's share of the container market. Further, ACI is now facing competition from the recently established Canadian-backed group Glass Containers Ltd.

Glass's loss, however, will not be just to plastic, but to the metal containers which have proved so popular with brewers and soft drink manufacturers. Although aluminium has been making major inroads into the tinplate market, they have and will grow at the expense of glass. Australia's use of aluminium in packaging is the second lowest of the world's 13 major trading nations, in spite of the fact that this country has one of the largest fully integrated aluminium industries in the world.

Few industries in Australia have been subjected to as much criticism and pressure from environmentalists as packaging. Scenes such as those of housewives leaving excess packaging in supermarkets are not uncommon, while there has been a strong reaction to the non-biodegradable plastics, and

it can be used again, through recycling for other products, and even into new bottles. In NSW, one bottle plant claims that the recycled glass component of all new bottles averaged 55 per cent, higher than anywhere else in the world, while throughout Australia, the recycled glass component of new bottles is averaging 45 per cent.

Indeed, the recycling programmes of aluminium, steel and glass are invariably linked with charities which get some value for the discarded unit.

But even this has not satisfied the environmental lobby, and in NSW the government is currently considering a tax on non-returnable or non-reusable containers, a move which could cause some concern again to the plastics side of the industry and to the no-deposit bottle side of the glass business.

It is also significant that for the first time, packaging engineers are due to graduate this year from the Sydney Technical College. Of the initial group, many are already involved in the industry, working for such companies as Kellogg, ICI and Nestle. This is a new and important sphere for the industry and one which is expected to result in substantial savings.

## Recycled glass

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CONTINUED FROM PREVIOUS PAGE

# Aerospace

poration had a Bell Helicopter programme arranged when the Federal Government ordered 75 machines for the Army. CAC's contribution is that it will build 191 of the helicopters for Bell, and those built in excess of the Army's requirements are to be sold on the civil market. Once this programme is fully operational some 70 per cent of the helicopters' components will be Australian. In addition, CAC has a sub-contract for work with Vesper and makes galleys for the Boeing 727-200 series that are being bought by Australian airlines.

The Boeing purchases have been equally rewarding to Hawker de Havilland, which is now the only source in the world for wing ribs and rudders for the Boeing 727-200. This contract has so far been worth \$A7.5m. to Hawker, and a fourth extension is currently under negotiation.

The proposed defence procurements then had a value not just in offset work, but also in what could have been a major switch in offset policy. Some of the proposals for the fighter, for instance, are such that the Australian industry would be involved as a partner in a worldwide project, rather than just doing bits and pieces for the Australian order. As one executive put it earlier this year "we are better off with 20 per cent of a programme for 500 planes than 80 per cent of a programme for 100 planes made here." It is apparent that cut-backs in defence are going to affect these projects.

This highlights the basic problem of the industry—its reliance upon the Government for work. It has been proposed that the merged industry would gain at least 30 per cent of its work directly from the Government.

Unions have further hindered the merger prospects with demands not for a merger but for a nationalisation of the total industry.

As long as the Government continues its examination of the latest reports on defence requirements and the industry's future, the real decision it has to make is that of just where the industry goes. On the one hand, Labour wants to promote the growth of Australian defence-aligned industries, but on the other hand it is faced with demands for social welfare which are seen as making inroads into defence expenditure.



## INDUSTRY

## Television's tangled web

By TREVOR KENNEDY

Lord Thomson of Fleet a few years back was reported as saying that owning a television licence was like having a licence to print money. In the public mind the quotation stuck like molten brown sugar to a blanket. The Australian television industry has proved him wrong.

With declining profitability a tangled web of difficulties has been woven, that makes a large sector of the Australian electronics industry a potential casualty. The problems principally stem from the granting of third commercial television licences in the main capitals in 1965 (making — with the State-owned network, the Australian Broadcasting Commission — four TV channels in Australia). On top of this lies a list of problems: the massive capital expenditure commitment involved in re-equipment for the introduction of colour by March 1, 1975; the complete phasing out of cigarette advertising on TV; a hostile Government attitude to the commercial networks which has resulted in higher annual licence fees in this year's budget and more stringent requirements necessitating a high proportion of expensive local product and a declining number of sets in use in relation to population.

## Highly protected

But it is colour television where the Australian electronics industry's main problems occur. Once designated by the Australian Tariff Board as a highly protected industry, consumer pressure is now building up against the local electronics industry, as it fights for tariff protection to produce the components for colour sets in this country.

Without tariffs, the industry has argued, it will have difficulty surviving. A senior executive of Amalgamated Wireless (Australasia) Mr. Arthur J. Gabb, puts it this way: "The Australian electronics manufacturing industry is highly competitive and efficient employing about 40,000 workers, many of which will disappear if colour television receivers are imported. For the main problem facing the industry is to find opportunities for continuous quantity production. There must be large-scale production to make possible research and development in the high technology areas."

The level of protection must recognise Australia's penalty in terms of scale of production, a consequence of Australia's economy, which is small by world standards. Thirdly, protection is needed to support other industries. The electronics industry purchases components, raw materials, packaging, trans-

port, service, etc., in Australia. Some of these items can be imported at lower cost, others cannot.

Mr. Gabb claimed the level of protection sought was moderate. He said it is always possible to select isolated examples showing a high percentage of protection, but the overall figures speak for themselves. He pointed out that from comparisons frequently made with Japan, very significant figures emerged. Already, the Australian monochrome television industry, under existing protection, had supplied more monochrome television receivers to the Australian public, per head of population, than the Japanese industry to its local market.

An Australian-made colour receiver would not cost \$A1,100 as had been suggested, but about \$A570 for a 17-inch, \$A610 for 20-inch, \$A660 for 22-inch and \$A710 for 26-inch sets. But the counter-arguments also run strongly, and the reaction of the national newspaper the Australian was somewhat typical: "Australia's electronics industry has made a singularly unappealing case for massive tariff protection against imported colour TV sets. Protective tariffs impose avoidable cost burdens on the community and an inflationary pressure on the economy. They need to be thoroughly justified as being in the wider interest if they are to be supportable."

This justification can often be found, when a level of protection can be argued to operate to the benefit of the economy as a whole, or when it supports the existence of an important employment sector. Neither of these arguments can be made in favour of the small, largely foreign-owned electronics industry in Australia.

"It can hardly be claimed that it would benefit the economy to force the great mass of Australian consumers to pay an extra \$A200 a set—the tariff level manufacturers are asking for—is the sole interests of this relatively tiny industrial group."

## Few employed

According to Mr. P. W. Jacoby of the Jacoby Kempthorne Group, associated with the Japanese make Sony, as few as 3,000 people will be employed making colour TV sets under the Australian industry's own proposals.

The anti-protection lobby also argues that a heavily protected domestic colour television industry must be about the very last thing required in a country whose largest trading partner happens to be the cheapest colour television manufacturer in the world.

The Prime Minister, Mr. Whitlam, recognised the case

for cheap television when he told the Tariff Board, at the start of its inquiry into colour TV protection, that the Government "did not want to encourage the production of colour television tubes in this country."

But while the electronics industry may have these problems it is colour which offers greatest hope for Australia's TV industry as such. Australian television stations are run at high cost while maintaining a very high coverage by international standards. The 1971-72 annual report of the Federation of Australian Commercial Television Stations (FACTS)—the latest available—published figures on combined broadcast hours by Australian television stations as at June 30, 1973.

## Hours broadcast

The calculations, based on the approved hours for each station as published in the 23rd report of the Australia Broadcasting Control Board, showed that the combined weekly hours broadcast by commercial and ABC stations at that time were: Sydney 451 hours (four stations), Melbourne 452 hours (four), Brisbane 374 hours (four), Adelaide 379 hours (four), Perth 272 hours (three), Hobart 160 hours (two). The comparatively limited television service offered by countries in Europe was "in stark contrast."

The U.K. broadcast a combined 199 hours. Switzerland 166 hours and West Germany 148 hours. Of the countries with two channels, only France with 137 hours and Spain with 114 hours, were above the 100-hour mark.

"These figures illustrate how highly developed and competitive is the Australian television service, and the extent of the programme service which is provided to Australian viewers," FACTS said.

This dense coverage has had its impact on profitability. The evidence here need not be taken from media itself, as outside analysts have come to the same conclusion. The Melbourne broking firm of Guest and Bell made an extensive analysis of the media in December last year and concluded with doubts about the viability of the third commercial licences.

On the profitability of television stations, the survey said: "The 1965-66 slump in profits coincided with the commencement of operations by the third commercial stations in Melbourne and Sydney. Profits improved greatly in the next two years but the growth rate then slowed down and margins have flattened out. It is difficult to be confident about a major advance in profitability because of rising costs (particularly for colour television), and the likelihood of further declines in cigarette advertising."

## Building and construction

By a Correspondent

In the six months to the end of December, 1972, new buildings to a value of \$A1,600m. were started in Australia, a rise of \$A100m. on the corresponding period of 1971. And, in the past six months of 1972, the value of work under construction was \$A2,600m. The number of new houses and flats rose dramatically, and the constant roar of cranes and concrete mixers in the cities (silenced only by strikes that have put most major projects a year behind schedule) indicated that the developers have faith in the future of the central business districts in spite of the attitude of the new Government which wants more homes and less offices.

## Short supply

Indeed, the construction industry is running at boom levels which cannot be sustained without inflation or massive imports of labour and materials. Most supplies are short. The house builders, with commencements running as high as 90 per cent above monthly commencements in the middle of 1972 have almost come to a stoppage because of a shortage of bricks or the simple but necessary three-inch nail.

Advances by banks and building societies for new homes were running at record levels, Hawaii, New Zealand and India only on Government notice dented. Others have been hit cutbacks begin in the middle of this year. Even so, it may be some months before the building boom has been its builders and material suppliers can catch up with the backlog following the cutback in immediate demand. In many areas, it is gratifying. Bricklayers are reskilled six months to get bricks.

Everybody wants to build, be it a home or an office block, looking only at the easier laying most appear to be wanting to jobs. Contractors complain that build at today's prices to beat they are at the mercy of trades-

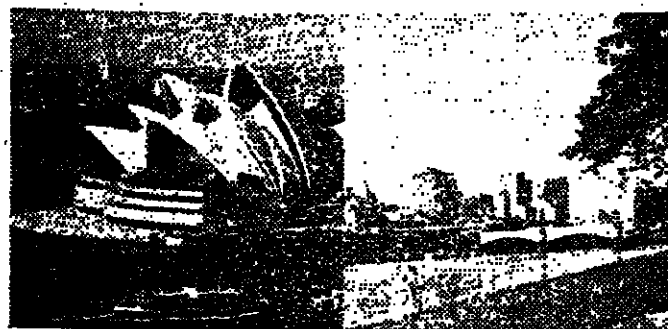
men and dare not fall out with them. For the Government, one of the less pleasing aspects of the current building programme, with its emphasis on commercial development, is that it has syphoned resources, both capital and labour, from hospitals, schools and other socially desirable projects. The Government has made it clear that it intends to redirect both resources to suit its needs.

Land development and subdivision is also running at high levels. An instance of this is in one area of Queensland which, it is said, will need a population of about 2m. people to absorb the blocks of land already subdivided. The City of Brisbane has less than half that population, and the whole State only 1.8m. people.

It is true that some of the major city centre developments have been cut back following the Government's new rules on foreign capital. But development groups with their own building divisions, like Mainland Corporation, have already begun to counter by extending their interests abroad. Mainland already operates in the USA, and is running at record levels, Hawaii, New Zealand and India only on Government notice dented. Others have been hit cutbacks begin in the middle of this year. Even so, it may be some months before the building boom has been its builders and material suppliers can catch up with the backlog following the cutback in immediate demand. In many areas, it is gratifying. Bricklayers are reskilled six months to get bricks.

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Assembling transistors at Standard Telephone and Cables plant near Sydney.

## Shipbuilder optimistic

By MICHAEL SOUTHERN

As with so many segments of the Australian industry, shipbuilding is waiting for a firm statement by the Government on future policy. It does, at least, rest secure in the knowledge that the Government wants a healthy shipbuilding industry and whatever the ultimate steps are—will ensure that one is brought about.

Considering that the industry has for so long survived on a hand to mouth basis, dependent on Government subsidies and bans on import of new and second-hand vessels from abroad, a positive statement about its future will indeed be welcomed. What is clear at this point in time however is that it will be a policy that closely involves the future of both the Australian shipbuilding industry and shipping itself. It is known that the Government plans to reserve Australian coastal shipping for Australian built ships only, and that it plans to ensure that there is a more equitable share of overseas trade carried by Australian built and manned ships.

All the shipyards have been ailing for some time — Evans Deakin to the point of closure. A quick survey of work in hand showed that Walkers had nothing in sight after completion of some supply vessels and eight small ships by the end of this year BHP's Whyalla yard has work till mid 1975, the State Dockyard in Newcastle, NSW work until early 1975. Adelaide Ship Construction and Evans Deakin simply have "nothing in sight."

As an interim measure to assist the industry, Transport and Shipping Minister Mr. C. K. Jones has announced subsidies of 45 per cent, without any scaling down over the next five years, with a promise of a long-term subsidy that will be "adequate." This move has been hailed by shipbuilders.

## Local orders

Further, indications have gone out to various companies known to be needing ships that the Government expects to place orders for both ships and oil rigs. Mr. Jones has also permitted import of three 100,000-ton vessels for the coastal trade in condition that the companies place orders for an equivalent tonnage with local shipyards.

Mr. Jones has long considered the Australian shipowners have a distinct disadvantage against the foreign shipowners when it comes to buying Australian goods, and his plan for a revival of shipbuilding based on increased carrying goods by Australian ships is generally being welcomed.

He has, on more than one occasion, noted that there is insignificant percentage of overseas trade lifted from Australia by Australian flag vessels. Bulk shipping, only a fraction of 1 per cent, of the 102.5 tons was carried by Australian ships. The Government, as a matter of principle, has adopted the stance that it wants to see vessels chartered from overseas replaced by locally built ships and to see 40 per cent of on years, with a promise of a long-term subsidy that will be "adequate." This move has been hailed by shipbuilders.

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Stock at a cattle show at Singleton, New South Wales.

# Farm incomes should make up lost ground

By J. O. CHERRINGTON, Agriculture Correspondent

Exports of rural origin make up 50 per cent. of Australia's overseas earnings and will be a significant factor in the country's economy for many years to come. But it should also be remembered that the climate is harsh and arid and that the success of the agricultural industry is due entirely to the genius of the participants in adapting themselves successfully to their unpromising environment. In this they have been helped to a greater or less degree by successive governments, which have provided the opportunity to make the most of their assets.

It's important to remember just how essential good government is in this regard.

Argentina for instance, which is very much better endowed with natural advantages, has an agriculture which is producing far below its true potential; this is simply because the same political and commercial stability does not exist there.

Nevertheless Australian farming had been going through a rough time of low prices throughout most of the 60s and early 70s. So the rise in world prices of practically all commodities except dairy products, means that in the short term at any rate farmers should be able to recover some of the ground they lost in real income terms through the last decade.

Farm incomes are expected to have risen from \$A1,150m. in 1971/72 to \$A1,350m. in 1972/73 with the prospect of a further rise in 1973/74. This has, however, no more than halted the growing disparity between prices for agricultural products and those that farmers have had to pay for their inputs. The rise in farmers' incomes has not passed unnoticed by the Labour Government which hoped to reduce subsidies to the agricultural sector. These directly and indirectly amount to between \$A400m. and \$A500m., and use these funds for assistance to urban communities.

However, apart from a reduction of the direct subsidy to the dairy industry, there seems to be little likelihood of any further reduction. Rural interests arguing that the subsidies, as they are at present, simply compensate farmers for the tariff benefits accorded to urban industry, and for which they pay on their supplies of machinery and other requisites.

## More confidence

In fact paradoxically the very prosperity of farming could lead to further subsidisation. There is a subsidy of \$A12 per ton on superphosphate and \$A80 per ton on nitrogen. It is estimated that the usage of superphosphate will rise by 1m. tons to 5m. tons in 1973/74 and the subsidy for nitrogen is also expected to rise. Farmers have more confidence, and so are prepared to invest their own money in increased productivity to a greater extent than before.

A further indication of the improving financial status of farmers has been the reduction of the ratio of debts to assets. This reached a peak of 218 to \$A00 in 1971 and has now fallen to 202. There are two ways of looking at this because in certain circumstances it could mean that farmers were lacking in confidence to reinvest in all probability it simply states that the high prices forced the hard pressed sector

GROSS VALUE OF RURAL PRODUCTION				
	1969-70	1970-71	1971-72	1972-73
	\$A000	\$A000	\$A000	\$A000
Total crops	1,511.7	1,524.0	1,620.0	1,500.0
Total livestock	2,278.1	2,095.9	2,377.8	3,451.0
of which wool	735.2	537.5	663.7	1,329.0
Cattle slaughtered	627.5	642.3	717.3	1,040.0
Sheep slaughtered	214.4	178.4	216.5	299.0

SELECTED VOLUME OF PRODUCTION				
	1969-70	1970-71	1971-72	1972-73
Wheat m. bushels	357.5	289.9	312.7	243.0
Wool m. kg.	923	886	875	770
Beef and veal (000 tons)	994	1,021	1,149	1,445
Mutton and lamb	743	812	941	775

tions of the industry to liquidate their immediate debts, which in some cases had been almost written off by their creditors.

The recovery has been led by wool, output of which has doubled in value in the past year to \$A1,329m., and from cattle which enjoyed a rise of about 50 per cent. to \$A1,040m. Sheep, mutton and lamb showed a small increase of about \$A80m. During the same period the value of crops actually fell by about \$A120m.

The significant thing about these figures is that the return in income was not, with the exception of beef and veal, accompanied by any increased production, but by a decline. This was especially marked in wool which fell by 100m. kilos to 770m. in 1972-73 and is expected to fall slightly during the current year. But there is at the same time evidence, through the reduction of sheep slaughterings in the last period, that flocks are being replaced. Grain production, due to a long period of quota restrictions and drought, had fallen to the lowest levels for many years in 1972-73, but the virtual removal of the wheat quota, and the encouragement of higher market prices, has led to greatly increased plantings for 1973-74, which should ensure a marked revival in output unless droughts or other natural disasters intervene.

The output of beef and veal reflects the growing importance of this side of the industry. This has now risen from approximately the British figure of 990,000 tons in 1969-70 to 1,445m. in 1972-73.

The growth of the national herd slowed down from the 8.7 per cent. annual increase between 1967 and 1972 to 5.8 per cent. in the last year and now numbers some 29m. head. This would seem to indicate that the period of very rapid build up of cattle has now been passed, and output of beef and veal could remain at the present high levels for some time. A rough guide to the output of beef under Australian conditions is that each million cattle in the national herd produces about 50,000 tons of meat annually.

So the prospects for the rural sector look promising for the immediate future but there are several important factors that must be considered. The recent surge in commodity prices instead of being permanent could be the result of short term phenomena, such as the pressure of Russian demand for grain on a world market which was suddenly short of a comparatively small

up till now been of the manufacturing grades, essential to the trade, but priced in normal times far below those of quality for direct human consumption. There is no doubt that better quality beef could be produced in certain areas, but this would need a considerable investment of resources and the provision of supplementary feeding which would require a high rate of return to make viable.

There seems to be no doubt that the swing to beef at the expense of sheep, which was of course aggravated by the low wool prices through the sixties, has been one of the causes of the surge in wool prices, and the current wool boom will probably check any further decline in sheep numbers. This could be all to the good, because in agricultural terms, the further development of cattle numbers could profoundly affect the balance of pastoral farming.

This is basically because cattle are much less economical in their use of feed resources, and while they are excellent converters of some forms of natural feed, they are less drought resistant than sheep, and less demanding of labour. This means light stocking both of animals and human beings, and a wholesale conversion to cattle ranching could well depopulate many pastoral areas of the country.

The outlook for the dairy section is at the moment likely to be restricted to the growth of the local market as most export outlets seem to be shrinking due to Britain joining the EEC and the butter mountain overshadowing the scene. The Government and even some farmers are at last beginning to recognise this and its generally believed that the restructuring of the dairy industry will accelerate with the main centres of production being fostered in such places as Southern Victoria where the climate is more suitable to dairy farming. However, dairy farmers are fighting any reduction in their guarantees with determination, and they are a powerful political force. Being largely small scale operators they would not have the opportunities of diversifying into beef and sheep production.

## Fruit industry

A serious question mark hangs over the future of much of the fruit industry—apples, canned fruit and other products face serious restrictions that the inhabitants of the Pacific and the Far East are not in general wealthy enough to buy at prices which would keep the Australian farmers solvent. There is a danger that too much enthusiasm will be generated for the further development of the cattle industry, which statistically looks to be the most promising sector. The results up to now have been spectacular, but it must be realised that exports on which this prosperity is based have been, until very recently, circumscribed by quotas in the U.S. and Japan and subject to levies and tariffs in Europe. World cattle stocks are rising again, and prices have been falling in the main European markets. These obstacles could well be re-imposed once more.

Australian beef exports have prices.

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But instead of the rhythmic rise and fall of the cane knives, today there is a clatter of machinery, eating its way dinosaur-like through rows of cane; and instead of the chuffing steam cane trams, sleek little diesels clack along between the farms.

To the nostalgic, perhaps a pity. But the change is a good one.

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## FINANCE

# While bankers fear controls...

By CEDRIC JAMES

Australian banks, merchant banks and finance houses face a tougher and more challenging time at present with the prospect that the Labour Government will be taking steps to bring the financial community under greater control and supervision.

In part this increased control will stem from Treasurer Frank Crean's desire to restrain the booming economy and fast increasing rate of inflation. But ideological considerations are also well to the fore. The Treasurer has given notice that merchant bankers, finance companies and home building societies may expect increasing Government intervention into their affairs and has ordered an internal inquiry as to how this may best be accomplished. It seems certain that more will be heard before the year is out.

### High liquidity

The trading banks have just completed a financial year in which they have benefited from almost the complete freedom from restraints in lending at a time of high liquidity and when consumer demand after several years of flatness progressively rallied and reached boom conditions in the early months of 1973.

That the banks were willing and able to take advantage of such conditions to expand their operations is reflected in official figures compiled for the year to June 30. New lending approvals by the banks totalled a record \$45,496m, to almost double the level of the previous year. Demand rose as the year progressed first reflecting moves to control and restrict overseas borrowing by companies and the inflow of funds in Australia which led to a greater call on the banks for replacement funds; and secondly, the increasingly active economy generated the need for more bank finance. As a result, bank advances totalled some \$47,088m, at the end of the year—an increase of \$1,831m, on the previous year and completely dwarfing the \$4,487m, rise in advances recorded in 1971-72.

Deposits also expanded sharply with a gain of \$42,602m, to \$410,321m, contrasting with a growth of only \$4807m, the previous year.

The sharp expansion in bank lending to meet rising demand for consumer finance caused the Treasurer in April to take the first step to put a brake on bank lending by calling up one per cent of deposits of the banks to the Statutory Deposit Account with the Reserve Bank. The placement of funds with the central bank at a nominal rate of interest involved only about \$100m, and was more of a psychological warning that the Treasury was becoming concerned about the rate of growth in the economy than much else.

One effect of this however was to increase the demand for new bank accommodation at a time when expansionary forces in the economy were leading to increasing use of overdrafts. Thus by the end of the year advances were running at a rate of \$43,34m, in contrast to a rise of \$4,84m, the previous June while new lending commitments (but not drawn) were averaging \$4,132m, a week and overdraft limits gained \$4,737m, to total \$49,337m.

These figures plus indications that the inflation rate was increasing sharply led Mr. Crean to announce a further call up in deposits into SRD account, amounting to a net 1.4 per cent, and more significantly, a request to the banks to cut back on their new lending. Immediately in prospect is a reduction from \$41,52m, to around the \$41,00m, a week level which would still be comparatively high considering that about 18 months ago the weekly rate was only about \$430m. However the banks are concerned that this may only be the beginning.

### Deficit financing

For with the Government opting for deficit financing in its Budget as a means to meeting some of its election promises made in late 1972 when the economy was in a more subdued situation, indications are that there will be more money eventually flowing into the banking system during the coming year.

In this situation, the banks fear that monetary policy—and specifically further calls to the frozen deposit account with the Reserve Bank along with direc-

tions to again limit lending—will be the Treasurer's response to meet pressures caused by an inappropriate increase in Government spending in the coming year.

Official economic strategy appears to be a transfer of resources away from the productive private sector into the less productive Government sector and the banks fear that they will be caught at the centre of this. Further they feel that they will bear the brunt of moves to curb the private sector should the Government not be in a position to restrict lending policies of rival institutions. However, at this stage, while it appears that the banks will have to contend with a tighter monetary situation than was the case last year and rather less freedom in their lending policies, they still should have a reasonable period so long as the economy remains buoyant. There is certainly no evidence of any slowing down at present and many observers believe that the consumer boom which is reflected in record retail sales, waiting lists for electrical appliances including refrigerators and washing machines and a sharp upturn in motor vehicle purchases, will continue well into 1974.

# ...merchant banks seek groundrules

An important factor is that merchant banking in Australia is still very much in its infancy and in truth the groundrules of what constitutes a merchant banker still remain to be laid down. At present anyone can hang up his shingle and call himself a merchant banker and this state of affairs is producing unfortunate results in the image projected by the group as a whole.

There are possibly 90 so-called merchant bankers seeking business at the present time, of which about 60 would better be described as wheeler dealers or opportunistic entrepreneurs which are largely intent on "doing their own thing." Of the remaining 30, some would better conform with the British idea of intermediate banks leaving only about a dozen which might be said to offer the full range of services more commonly associated with a true merchant bank.

An innovation late last year was the formation of two associations aimed at raising the standard of the profession and sorting some order out of the chaos of rate cutting, sloppy lending policies, reduced standards of credit rating along with very uneven standards of expertise to the point where few merchant banks will accept the work of another in projects requiring syndicate financing—they are generally obliged to rework the figures.

The Issuing Houses Association of Australia comprises seven members primarily concerned with underwriting, corporate finance, fund management as well as having money market operations and is chaired by Sir John Marks, chairman of Development Finance Corporation. Other members are Australian United Corporation, Darling and Company, Ord-B.T. Hill Samuel Australia, International Pacific Corporation and Capel Court Corporation.

### Second group

The second group, at present involving 18 members including the above companies or their subsidiaries, is the Accepting Houses Association of Australia and largely reflects companies whose main concern is in money market operations. Members are Australian United Acceptance, Capel Court Corporation, Darling and Co., Delfin Industrial Finance, International Pacific Corporation, Ord-B.T. Hill Samuel Australia, Tricontinental Corporation, Australian European Finance Corporation, Australian International Finance Corporation, ABC International, Martin Corporation, Partnership Pacific, A.M.P. Acceptance, Euro-Pacific Finance Corporation, Citinational Securities Corporation, Commercial Continental, Westralian International and Hill Samuel.

So far both associations appear to have operated in very low key and in fact there is disappointment among some members that they have not done more development work at industry level or to promote the

standing of the merchant banking fraternity in the financial community and with the new Government. At least part of the reason for this stems from the sharp change in business conditions confronting members over the past year and in particular the consequences of steps taken by the McMahon and Whitlam Governments to limit capital inflow into Australia with the aim of running down foreign currency reserves and protect the Australian dollar against speculative pressures.

Various moves taken on this front since last October, resulting in the complete ban of loan funds into Australia for a term of less than two years and calling for lodgement of 25 per cent of loan funds with the Reserve Bank interest free on loan funds for a longer term, have resulted in the virtual drying up of this money flowing to Australia. This in turn has meant that the *raison d'être* for some organisations which had been especially formed to bring foreign funds into Australia for development ventures and the like has now simply disappeared.

Companies such as the Australian European Finance Corporation, the Australian International Finance Corporation, Euro-Pacific Finance Corporation and even Partnership Pacific which had concentrated largely on the mobilisation of funds abroad, have now been obliged to turn their attentions to the local market and attempt to build up money market operations from scratch. Competition from these and other companies has disturbed operations of the more traditional firms operating in Australia and more than ever there is probably need for rationalisation of the field and to lay down standards of operations especially in money market and commercial bill fields.

In the corporate finance and takeover advice area business has also tended to become tougher reflecting the Government's anti-foreign takeover stance which has resulted in companies such as Slater Walker of Britain and Industrial Equity of New Zealand which had initiated a number of takeovers in the past, now finding themselves severely limited in making new overtures.

In addition restrictions placed on foreign companies from investment in new property for both foreign exchange and national reasons has also tended to limit opportunities for the merchant banks. Some Australian concerns, however, such as Development Finance Corporation which is tending to specialise in certain areas of corporate advice, in this case in advising and rationalising the retail trade, are building up strong reputations and at the same time carrying out a reliable portion of business. Generally, however, clients of the merchant banking industry tend not to have a sense of loyalty to one firm—at least at this stage—and the backing of even the

most prestigious overseas name in a local concern is no guarantee of success. The client attitude is very much one of "what have you done for me in the past six months or a year?" or "what can you do for me in the next six months?" If the answer lacks positiveness there are plenty of other firms which may be approached and are only too willing to handle the business. This points up the need for more expertise in the industry rather than more merchant bankers and because of the varied demands made of the banker in Australia, those following the profession probably need to be more astute and certainly quicker off the mark than their overseas counterpart.

### Widened scope

Hardly helping the merchant banks at this time is the growing trend among the finance companies to encroach on some operations of the merchant bank in an effort to widen their scope of business. The boom in real estate of the last three years moving heavily into this field along with the more traditional provision of bridging finance for projects. In addition there has been a growing trend for companies such as Industrial Acceptance Corporation to participate in the financing of property ventures and property companies and to provide finance in exchange for equity participation in takeovers especially where the aim is rationalisation of assets.

This will probably receive increasing attention from the financiers during the coming year. In the meantime, profitability of the group continues to run at a very high level and the growing consumer boom—especially in the traditional motor industry and electrical appliance fields—should ensure a further strong if competitive year in prospect.

The blight on the horizon is the threat of increasing control from the Government over companies in the finance field and in merchant banking and the permanent building societies. Speculation as to how this might be accomplished ranges from the Government requiring a proportion of funds deposited with them to be lodged with the Reserve Bank on the one hand to Government insistence that these groups lodge a stipulated proportion of funds into Government securities which may be varied up and down as economic activity warrants. However, both these suggestions would be inflationary in that they would probably oblige those involved to increase interest charges to offset lower rates received from the Government on funds which were lodged with it.

This factor may cause Treasurer Crean to pause before moving for control since he would be unwilling to exacerbate inflationary pressures by a further sharp increase in interest rates—indeed he is already uncomfortable with the present structure.

During the past 18 months or so there has been a distinct improvement in the competitive position offered by the banks both in the borrowing and lending operations. A feature has been the banks willingness to move heavily into the term loan business—as distinct from overdrafts—to substantially increase personal loans, handling bridging finance in building operations and in some cases to seek corporate finance business from customers.

While recent conditions have favoured the trading banks, merchant bankers by contrast have found operating conditions becoming increasingly difficult and the outlook for the loan business—as distinct from overdrafts—is a reappraisal of operations to determine just what bridging finance in building they are all about.

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# Securities market under a cloud

By MICHAEL SOUTHERN

It is certain that the Federal Government will intervene more and more in the money and capital markets in Australia. They have said they will, and the trading has been looking at the finance companies and the building societies. The stock exchanges are also an area in which there will be greater government influence under Mr. Whitlam.

The idea of some form of securities and exchange commission for Australia is now widely accepted. It is just a matter of when and how it will happen. The Senate Select Committee on the Securities Industry's report to Parliament is expected to contain the basic framework for the new government body.

There are few showstoppers who argue against such a body. For a while, there was enormous opposition to the idea, with the securities industry confident that it could run its own affairs. But the boom of 1969 and 1970, the losses that followed, the malpractices that took place during the boom and the collapse of several broking houses put paid to that.

Resolving the problems of the stock exchanges is no easy matter. There are seven attorneys general each representing his own government's interests. Moves for uniformity are constantly made but, as amendments are made to a uniform code by each state government, the system breaks down. It is now felt that the States are willing to hand over power for control of the stock exchanges to the Federal Government; if so it will be a time for great rejoicing in that one of many major obstacles will have been overcome.

Other problems lie on the horizon. A major one is still the fact that the Australian share market is thin. On June 30, 1972, the listed value of Australian ordinary shares was \$23.8 billion and turnover for the fiscal 1971-72 year was valued at \$1.749 billion. Figures from the Australian Associated Stock Exchange show this as representing a market liquidity of 7.5 per cent. compared with 45.5 per cent. for Tokyo in the calendar year 1972, and 18.3 per cent. for New York and 16.7 per cent. for London. Once the British pull out as they have done, this problem becomes even greater.

## Like a casino

The thinness of the market is explained to a large degree by the fact that it has for so long been more of a casino and, as the boom period showed, there was no-one with any responsibility to ensure fair play. Furthermore it is a very closely knit casino.

It is the brokers who underwrite the new share issues, and the brokers who hand the shares out to their selected clients and then buy and sell them on exchange for their clients. Public issues simply do not exist. Instead, one receives a prospectus from a broker (only if one is a

client) sometimes indicating the shares that have been allotted or in less likely floats, asking the client to indicate how many he wants. The public at large cannot get in until the shares come on to the market. During the boom, this system basically meant that brokers were handing out money to clients as shares hit the market at a premium. Now, there are constant complaints about the fact that the public is not buying shares. The fact is that the public at large is not interested in having lost money during the boom, and cases of manipulation having been publicised, there is a basic distrust of the market among many people.

The industry was slow to recognise this, but at least, it has done. Two years ago, the Australian Associated Stock Exchange, a national body to which the various city ex-

changes paid little money and some lip service, was expanded to become a proper national secretariat with a full-time president, Mr. Michael McAlister.

## Plan blocked

There are many other factors which inhibit growth of the stock market. There is a mistrust of a socialist Government in Canberra among investors, the business community and overseas investors and one only has to see how rapidly the British sold out of this market to see this. Also plans that Mr. McAlister once made for development of Australia as a major international centre have been more than blocked by the Government requirement of a 25 per cent. interest free deposit on incoming loans and investment capital.

Mr. McAlister's plans for an international money market would clearly have been rejected by increased stock exchange activity. The basic requirements of stable govern-

ment, expertise and so on remain. What is now notably absent is a government willing to co-operate.

Further development of the stock markets is being seriously inhibited by the ban on short selling. The ban was again an over-reaction to a situation involving some shady deals—and that does seem to be the real trouble with this market. It is constantly over-reacting rather than rationally approaching.

At a time when liquidity is high, the stock market is languishing. The public is simply not directing its massive savings into this area.

The lack of clear statements on social and economic objectives by the government is partly responsible, for this, coupled with the public's mistrust of the share market place.

We know that the government is going to do something about the mining industry, about the finance companies, about the building industry and about industry in general. But what?

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# Watershed in home loans

By PETER DUMINY

Australia's building societies with impunity and the societies were not prevented by stiffly regulations from doing so. Success, when it came, had a snowballing effect which appeared to be arrested only when, early this year, the societies were so flush with funds and so outwardly self-confident, that the majority cut their borrowing rate by 0.5 per cent. (to 6 per cent. in NSW).

This was an error of judgment, the enormity of which was acknowledged when, on July 1, the building societies resorted, rather than to their mistake, it would be fair to consider whether they had really had much choice.

## Could not ignore

By the end of 1972 two things had happened which the movement no doubt felt it could not ignore. One was that building societies had grown too fast — and perhaps too big — for their own good, in the sense that the banking industry had begun to protest and demand some clipping of their wings.

The second was that the Australian Labour Party came to power in Canberra, with known preferences for centralised supervision and cheap money, and corresponding prejudices against the loosely organised and seemingly high-interest-based building society movement.

Thus it was small wonder the societies decided it was time to cultivate a lower profile, and if possible to cool hostilities with one or both of their powerful foes. No doubt these considerations weighed more heavily than risks of either generally tighter credit conditions and/or public discussion of building society practices which might cause investors to reconsider their evident satisfaction with the movement.

## Privileged access

Growth of the building societies was in the final deposits falling and withdrawals analysis guaranteed by their privileged access to the money market, specifically in the fact of their being free of burdens and restrictions imposed on their main competitors, the savings banks. The nationally operating banks, for instance, are required to maintain 80 per cent. (at one time 70 per cent.) of their assets in liquid or low-yielding Government securities, effectively limiting what they can afford to pay for funds to, at present, a nominal 3.75 per cent., and less in practice because interest is calculated on minimum monthly balances.

By contrast, the 190-odd building societies have only to keep liquid asset ratios of 10 per cent. or even less, depending on where they are registered and operating. They are incorporated under State (as opposed to Central Government) laws, which encourage them to put the bulk of their funds into bricks and mortar. The going rate for first mortgage money is 7.75 per cent. upwards, which has enabled the building societies to pay 6.5 per cent. and more to attract savings their way.

Building societies were generally free to lend as much as they liked to individual borrowers. In addition they were in a position to exploit the possibilities presented by mortgage insurance when this was introduced to Australia in the mid-1960s — that is, it became possible to give 95 per cent. loans

members of the industry in the past year, when it looked as though they might be heading for trouble.

Finally, though they do not like mentioning it, building societies in some States (including NSW) are in the last resort entitled to protect themselves by declining to pay out more than they are getting in. Needless to say, it could be a savage blow to confidence in the movement were it ever necessary to activate this safety procedure. But it exists all the same.

In the light of all this there may well be some doubt in the public's mind as to why the Central Government should want to intervene. The reasons the Federal Treasurer tends to give are, first, that interest rates could be lower (implying that if building societies were as respectable as the savings banks, they too would be able to attract their funds at under 4 per cent.); and, secondly, that more control is called for over loans to management and other

such incidentals than appears to be exercised at the State level.

There is, in fact, a more profound reason for Treasury control, namely that it may be seen as the Central Government's bounden duty to arbitrate between the competing demands on the community's savings of Australia's various financial intermediaries. Of course, it can be said to get the priorities right to accord the building societies their present freedom from restraint, that is, privileges. But that would be to ignore the true nature of the market mechanism applying to home ownership as much as to cabbages. In brief, the creation of more effective demand (by allowing funds to be easily mobilised) is at least as likely to drive up prices (of land and dwellings) as to provide greater utility (more homes).

On that analysis, the building societies' great misfortune is that they are now too big for their impact on that equation to be ignored.

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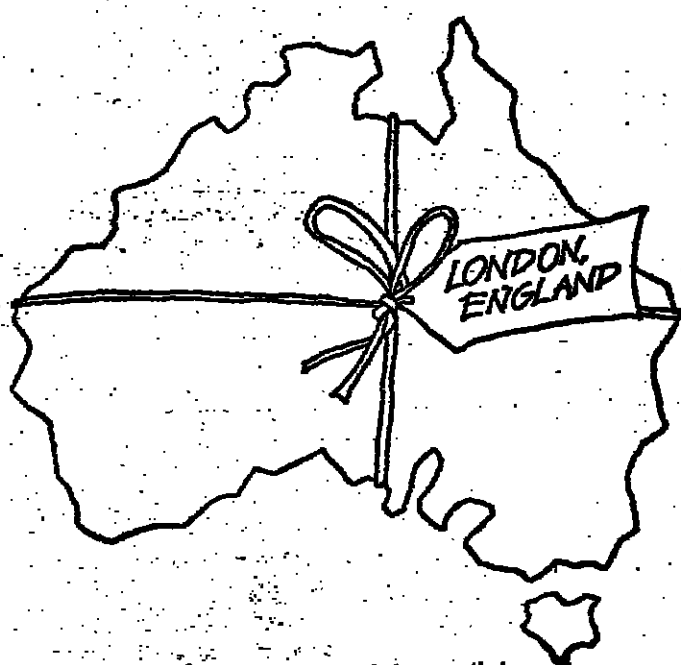
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## PROPERTY

# Uncertain time for the developers

By DOUGLAS MARCH

Environment has become a key area of concern for investors and developers involved in the metropolitan areas of Australia. There are now air pollution devices installed to allow the media to give out daily broadcasts on the state of the atmosphere, while the problems relating to the discharge of fumes, smoke and noise are all becoming subject to stringent regulations.

In addition, and more serious for the downtown property developer, are the moves to improve the visual environment and provide more open space. Building bulk, plot ratio or site coverage, call it whatever you will, now appear to be the property man's *bole-noire* and in many cases they are threatening the viability of large schemes. Yet building efficiency and economy and stabilising rents are strengthening the resolve to assemble large development sites.

Strategy plans are being prepared for Melbourne and Adelaide central areas, and the City of Sydney is about to embark upon the first revision of its plans prepared two years ago. Heavy stress is being placed upon the need to maintain or improve the Central Business District (CBD) environment, although there are signs that the emotive context of the term could lead to some disconcerting decisions for both the investor and the public at large.

To some extent this tendency is becoming manifest in the policies being handed about regarding metropolitan transport systems, especially as they service the central business districts. Recently the Victoria State Cabinet radically revised its proposed freeway network, and attracted criticism that the amended system was confusing

and would do little to improve either the inner or outer metropolitan movement situation. Federal Ministers are chorusing strongly about the need to upgrade public transport facilities and usage in Melbourne and Sydney in particular, with an indication of their preparedness to back their statements with finance. While it is widely acknowledged that the existing rail services could be significantly improved in quality and efficiency, little mention is made of reported estimates that over 85 per cent of CBD workers in the two major cities are already using public transport.

The NSW and Victorian governments are both pressing ahead with new metropolitan underground rail developments. While the Eastern Suburbs link in Sydney may well alleviate pressure upon public bus transport to and from the Central area, the Melbourne Underground Loop would at first sight appear to be merely aiding traffic circulation within the Central Business District and not to or from it.

### Transport systems

While speculation surrounds the means of sorting out the problem of providing acceptable transport systems for central area workers, further speculation concerns the future of the very CBD's themselves.

Part of the platform of the Australian Labour Party was the redirection of metropolitan expansion to decentralised growth centres. Since assuming office, the Minister for Urban and Regional Development Mr. T. Uren has initiated feasibility exercises for some dozen potential growth centres.

State Governments have or are in the process of determining their own priorities in this

matter. For instance, South Australia has nominated a virgin piece of country entitled "Moorarto" for development as a new town, while Albury-Wodonga on the border of NSW and Victoria has received the blessing of the Commonwealth and both State Governments.

Although these decentralisation policies are being enunciated and land acquisition procedures set in motion, the \$64,000 question remains—how are metropolitan Australians to be persuaded or coerced into leaving behind the social and cultural convenience and opportunity of metropolitan scale for smaller, and in most instances, non-seaboard centres? Incentives offered to industry in the past have had mixed success, and besides most large-scale employment operations such as steel and automobile complexes which are few in number, are already entrenched in existing locations.

The proffered solution is to relocate tertiary sector activity, with Government offices as the leader. Relocation of Government functions and workforce, providing the communication arrangements are sound, is feasible, and as demonstrated by Canberra, does work as a base ingredient for urban growth. Yet which Minister wishes to be located several hundred miles away from his Premier? Which public servant is going to leap at the opportunity to leave his long-established family and social connections for an isolated centre "in the bush"?

Frequent mention is made of the "growing urban crisis" in Australia, accompanied by assertions of increasing pollution, traffic congestion, and crime rates. Yet, there does not appear to be widespread con-

cern manifest in practical or positive action by the "average" large city dweller and worker.

### Decentralist moves

Apart from the political and social effort required to relocate population and workers, central area authorities, retailers, and property investors see a threat to the viability of their sphere of influence in these decentralist moves. Accordingly they are either campaigning to strengthen their cause while being careful not to incur the displeasure of the "environmentalists," or have been looking around for alternative investment possibilities. While the trend in central area land values is still upward, it has over the last twelve months been showing signs of flattening out. Rental levels have been particularly sensitive to these forces.

To some extent a tug-of-war has consequently developed among metropolitan authorities, local councils and developers. While instrumentalities concerned with water, transport, housing, education, etc. are trying to reconcile competing priorities for inner and outer metropolitan development, central area councils are vying with their counterparts in outer area "sub-metropolitan" nodes for commercial development investment. The dilemma for the developer is whether to continue investing in a souring central area property market, take a punt on the future growth of a sub-metropolitan node, switch into some alternative form of property investment, or forsake the property field altogether for the time being.

It is not surprising therefore that the whole question of metropolitan management is be-

ing opened up. Quite apart from the reconciliation issue already mentioned, there are moves to "regionalise" local government areas by combining existing local government areas in the interests of operational efficiency, political voice, and possibly expanded functions and responsibilities. Abreast of these events is the ever-increasing pressure from the community to be involved in the governing and decision-making process, and the taking of more militant action by unions as custodians of the "environment." Building unions in both Sydney and Melbourne have refused to work on particular projects, largely in response to public pressure against the nature of the proposed development or to preserve historic buildings. This type of happening is increasing the financial hazards confronting the established property developer.

Nevertheless, despite all of these forces and signs, the blind faith in central area property development, and in particular office buildings, appears to persist. "Glut" is the word which has retained its place in this game over the last three years. Within the next three years office floor space projections indicate an oversupply of 9m. square feet in Sydney, over 5m. square feet in Melbourne and around 800,000 in Perth, with Adelaide and Brisbane perhaps a few hundred thousand square feet ahead of demand. Land price trends have altered little in the

last twelve months although the overall rate of increase in average composite purchases has shown signs of slackening. Rents on the other hand have stabilised or have actually fallen in response to the oversupply. Many falls have been of the order of 20 per cent, with resultant strong competition among older or "second round" core, fringe space such as St. Kilda Road or North Sydney, and outlying sub-centres such as Dandenong and Parramatta.

### Return halved

As a consequence of the pressures and uncertainty created by the factors of environmental concern, transport planning, decentralisation policies, management conflicts, and office space oversupply, the property investor is now finding the reliable 9 to 12 per cent return of a couple of years ago almost halved in some of his feasibility exercises. Unless he can still find that strategic location at the "right price" or has a major key tenant signed up, he is forced to look for other avenues for investment. The area of uncertainty has been compounded by recent Commonwealth Government noises to the effect that they will seek to lease less and build more themselves, and also by the curbs on use of overseas capital which was largely responsible for the at least temporary demise of the large City Square Project in Melbourne. Speculators and property

investors have been very active over the past 12 months in industrial and residential fields. However, with new and trial land in Melbourne—Sydney being absorbed at a rate of generally less than 600 acres per annum and increased pressures for decentralisation of industry location, the case for this market is shaky. Although some spectacular capital appreciation and gains on transactions in industrial land have been achieved over the past five to ten years there are signs that a bonanza is coming to an end. Already the South Australian and Western Australian Governments have taken direct action to curb prices for metropolitan residential land, planning proposals for remaining capitals contain similar policy intentions.

Despite the complexity of uncertainty surrounding property investment markets, it is difficult to escape the conclusion that commercial development will still hold the strongest attraction for the keenest developer, that the business district land will continue to increase in value although at a lower rate than in the past, and that office space will be built. However, similarly to the intuitive conviction persists that the supply and demand situation will not magically appear over the next few years and as a consequence any major proposals will be abandoned or indefinitely deferred.

## Halt is called to foreign land rush

By NEIL SPIERS

Some years ago a Japanese economist visiting Australia was asked what facet of the Australian economy interested him most. "The overstocking of trout in Lake Eucumbene," he replied.

Perhaps these Snowy Mountain trout eventually became a factor in the Australian Government's decision to restrict land purchases by overseas interests—a Japanese plan to buy several thousand acres of land around Lake Eucumbene was one of the first foreign purchases to be placed in abeyance because of Government pressure.

### Reserve bank

This pressure, despite the lack of knowledge of the exact extent of overseas ownership of land, has stiffened to the stage where the Reserve Bank is deferring applications to bring funds into Australia for land purchases—a situation which has favoured some foreign-owned land groups at the expense of others.

Some overseas-owned groups have taken the attitude, "When there is a law, we'll obey it," and have been using funds held or raised in Australia to continue land purchases. At this stage, the Treasurer, Mr. Crean, has no law to support his wish that overseas interests "should not enter into significant commitments for real estate purchases for the time being."

The law will probably come, considering the great accelera-

tion in overseas purchases of all types of Australian land in recent years. This acceleration has come from the United Kingdom, the United States and Japan, and in the first two cases has been accompanied by a dramatic change in the type of investment being made.

U.K. owners have long held vast areas of Australian pastoral and industrial land, but recent doubt that overseas companies new operations have been centred on Sydney's industrial land value, according to industrial real estate agent Mr. B. McRae of Overmyer Industrial Brokers. Mr. McRae, who of industrial land, purchased incidentally to some other operation, but the American pattern has also changed—first into rural purchases and then into specialist property development.

The Japanese are post-war newcomers to Australian real estate. They have favoured rural joint ventures and residential/resort development, although not exclusively. The Treasurer has indicated that British companies such as the Lyons Group and MEPC are incidental to some other purpose, U.S. groups such as Kaiser Aetna may be prevented from expansion of a factory, will not be affected by controls. This type of land use is so closely tied to industrial development that other controls, on overseas investment in Australian industry generally, will deter how much more industrial land leaves local control.

It is possible that half of the land officially zoned "industrial" in Australia's

capital cities is already or soon controlled (even if overseas control is defined as shareholding: the Federal Government now considers that a company is foreign if it is a single overseas shareholder of 15 per cent, a figure established by the previous Government). There is a doubt that overseas companies new operations have been centred on Sydney's industrial land value, according to industrial real estate agent Mr. B. McRae of Overmyer Industrial Brokers. Mr. McRae, who of industrial land, purchased incidentally to some other operation, but the American pattern has also changed—first into rural purchases and then into specialist property development.

The recent expansion of industrial estate development in Australia may attract Government intervention. The Government has indicated that British companies such as the Lyons Group and MEPC are incidental to some other purpose, U.S. groups such as Kaiser Aetna may be prevented from expansion of a factory, will not be affected by controls. This type of land use is so closely tied to industrial development that other controls, on overseas investment in Australian industry generally, will deter how much more industrial land leaves local control.

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## SHIPPING

هكذا من النجف

AUSTRALIA XV

## Official policy sounds costly

By a Correspondent

The surge of Australian economic nationalism—as Mr. Heath described it in Ottawa recently—was related to shipping most forcibly by the Australian Prime Minister, Mr. Whitlam, at that same place and time.

His claim there for a 50 per cent share of Australian imports and exports in Australian bottoms as the avowed aim of his Government was given much wider publicity than the quieter but still very firm attitudes on this subject shown by his Minister of Transport, Mr. C. K. Jones, since coming to office. Australia, ranking as it does so highly in the world list of traders, carries less than 2 per cent of its trade goods in its own ships.

Mr. Jones doesn't go quite as far as Mr. Whitlam in making a claim for 50 per cent. He is happy to stick with the UNCTAD agreed figure of 40 per cent of cargo in national line ships.

But what of the costs of getting a sizeable fleet together to handle such an increased proportion? So far no one in the present Government has made any suggestions—but at least two figures have been widely put about.

The former Minister, Country Party man Peter Nixon, said that even 40 per cent would cost the taxpayer \$A3,000m. This was the figure computed while he was in office but Australian seamen have been repeated by him again recently, in cautionary terms. At the of vessels for both the rapidly expanding bulk trade (ores, wheat, etc.) and the high genuine enthusiasm voiced for

the idealism of Mr. Jones by those engaged in the industry left 18 bulkships over 50,000 tons, lying off a West Australian port at one time.

But it mostly adds up to a simple message for the Australian Government, and that is that it will have to match those foreign Governments that subsidise the operations of their national fleets if it is going to honestly compete.

This must be kept quite apart from the subsidies and assistance provided for shipbuilding, as a prominent economist warned recently, and it must be rigorously and carefully scrutinised before any steps are taken.

So far there has not been much nail biting by those who provide the shipping services for the 98 per cent of cargo not travelling in Australian ships.

The charter market people say they would be happy to see Australian ships into the various ore and other bulk trades, because it would give the Australian Government a better insight into the problems of transporting these cargoes. Such a problem was the labour

dispute at a mine recently that the liner trades the moves over the last few years into the business—ANL now has five ships on overseas liner services all within Conference structures.

—has helped the bureaucrats understand the complexities of the operations of such services. Mr. Jones himself has said that he recognises that the conference system can provide the liner services that exporters require because such conferences effect rationalisation within services in a particular trade, they cover outputs properly and they provide stability in schedules and rates. He has also stated that "in pure transport terms" the container services have brought real economies to Australian traders.

Those in the Government who consider Mr. Jones a bit mild-mannered in his approach to these matters tend to lump together all the overseas shipping services under a heading "cartel" and, because of this name, deem it all to be evil, and thus to be eradicated.

Mr. Jones says that while he is not willing to write a blank cheque for conferences he is not going to be the one to put a stop to services that importers and exporters want, and, indeed, he is going to put to UNCTAD the proposition that some international convention for code of conduct of conferences be established.

## More rational

So the man who will have the real say in the future of Australian involvement in overseas trades appears to have taken a colder, more rational, line than some of his radical Cabinet colleagues. He appears to want a gradual introduction of Australian ships into the existing set-up.

And the people who pay the bills—the importers and exporters—have remained silent publicly, apparently not wishing to appear too unpatriotic. Privately, however, they admit

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CONTINUED FROM PREVIOUS PAGE

## Foreign land rush

cities. This rush, spurred has been the striking feature of recent American investment gains, came mostly from in Australian property. The Britain. And it was a rush, particularly in Sydney. In the 18 months before Mr. Crean's announcement foreign companies bought 23 properties in Sydney's central business district (bringing the overseas-owned total to 180 properties) and were also active in the suburbs. Of the 23 sales, all but one were to U.K. groups (the exception was an office development sold to the Nippon Fudosan Bank of Tokyo). The major buyers were the British Land Corporation, Grosvenor International and the Slater Walker associate St. James Properties. Others included the St. Martins group, Continental Land, Town and City Properties and the Abbey Capital Property group.

Sydney is a typical, if extreme, example. Most of the British groups mentioned have substantial projects in other capital cities, and other operators such as the Hammons group, MEPC and Artagen have very large projects. The Abbey Capital group is the largest, with Australian projects worth about \$200m. in the pipeline. Very few American groups have operated in Australia with property development for rental or resale as their prime objective. In the cities, American-owned buildings are owner-occupied by groups such as the Kodak, Esso or Hoyts Theatres, and the Aetna Life city development mentioned above will be partly owner-occupied. A good example of the differing U.K. and U.S. approach is the IBM Building in Sydney, which is owned by MEPC.

The biggest American property specialist operating in Australia is Princess Properties, owned by Daniel K. Ludwig. Princess is developing residential blocks at a 3,200-acre coastal land border, and owns an adjoining 3,000 acres.

The reason the American property specialists have been slow to reach Australia could be a combination of distance and the scope for real estate development in North America (the major Australian-based property company, Lend Lease Corporation, has recently extended to the U.S.).

**Residential field**  
Local companies dominate the residential development field, which has been remarkably profitable recently as soaring land prices boost profits on the sale of property which is sold as home sites or building blocks some time after purchase. There have been a number of English forays into this business, including one by Consolidated Gold Fields, which has a half interest in a company with a 370-acre, \$7m. residential project at Port Macquarie, 250 miles north of Sydney.

Through Australian Land Sales Ltd., Mr. Alfred Grant has been selling Queensland coastal land blocks direct to the English public, and this company has been virtually the only avenue for U.K. individuals to speculate in Australian land. There has probably been an overall reduction in the amount of land owned by U.K. interests in Australia during the past few years because of sales of rural acreage. British Tobacco is an example of a purchaser of the country properties: but the general trend has been transfer from England to America.

The purchase of rural land the idealism of Mr. Jones by those engaged in the industry left 18 bulkships over 50,000 tons, lying off a West Australian port at one time.

When the Zenchiku company last year became the seventh Japanese group to announce the establishment of an Australian beef-raising venture, it said that 30 more Japanese groups were planning similar moves. The

Australian Government has since frozen a Mitsubishi move proposes an \$8m. development to acquire shares in a cattle of similar buildings, to house 500 families, at nearby Swansea.

The Japanese have also rapidly moved into Australian residential subdivision, particularly in resort areas. Japanese interests are planning a \$20m. resort development at Yepoon, near Rockhampton on the Queensland coast. Kanematsu Gosho has completed about 80 two- and three-storey blocks of terrace-style housing in the abroad.

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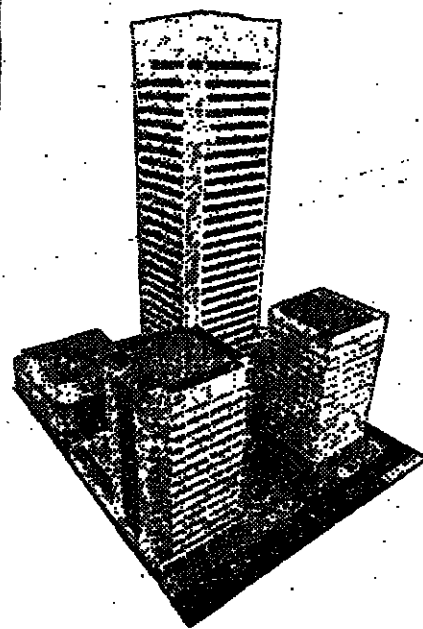
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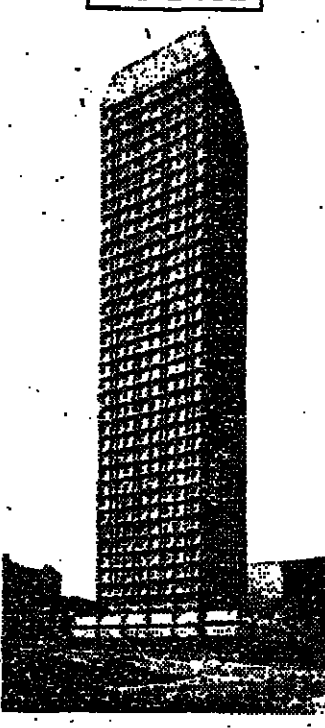


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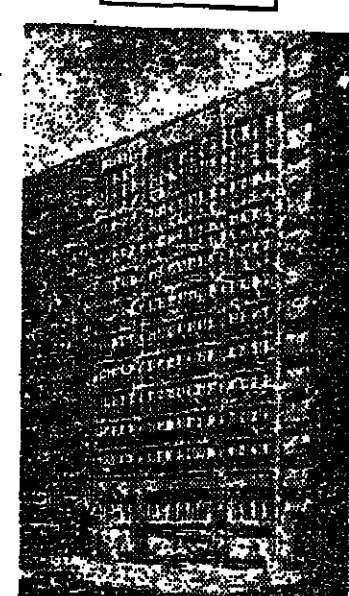
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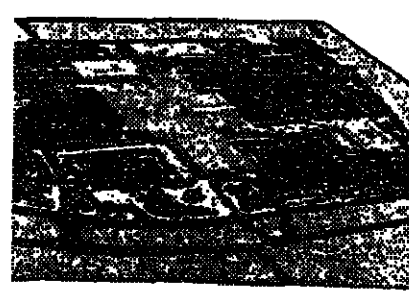
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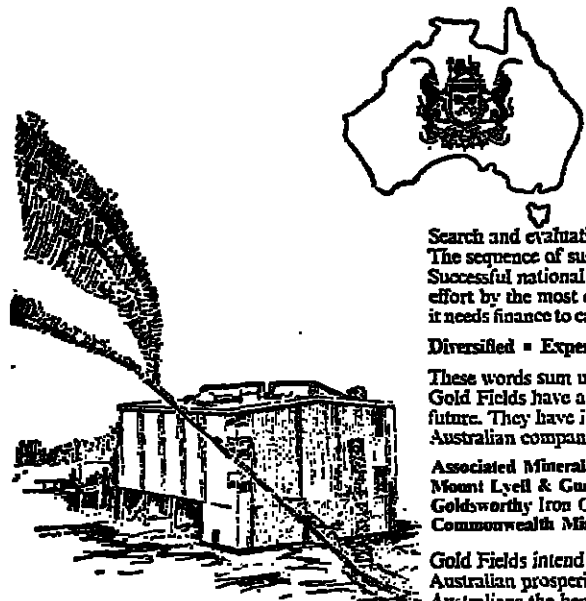
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## MINERALS

# Mining industry-Government relations hit rock bottom

By MICHAEL SOUTHERN

The mining industry (minerals), would become an important factor in foreign policy. Exploration companies found that the tax deduction provisions for money spent on exploring were removed, that foreign money was subject to the 25 per cent deposit plan with the Reserve Bank, and that farm-in arrangements which affected the Australian equity in a company were simply stopped. For a lot of the so-called mining companies born in the boom, this was the final straw. They are simply struggling to stay alive, hoping for some farm-in arrangement, or going into property, liquor shops and other alternative arrangements.

## Under attack

As for the established mining groups, they suffered attacks on foreign ownership and the conduct of multi-national corporations and, for a while, saw their revenues decrease as a result of a unilateral revaluation of the Australian dollar last December and a refusal to follow the U.S. dollar down in the early part of this year.

Contracts for most were written in U.S. dollars and had no currency adjustment clause. When miners complained, they were again abused by the Government for being bad businessmen in not anticipating the U.S. dollar crisis and not writing their contracts in Australian dollars.

Further, leases in Aboriginal national parks, as they expire, are not renewed. The Government has also announced that it will vet new export contracts to ensure that the minerals are

sold at "reasonable world prices." The industry had at least hoped that, while the policy was being formed, the status quo would be maintained. This was not to be. This uncertainty and changed stance reflected a vast reduction in the money spent on exploration and a continued drop in new capital investment in mining. Its peak was \$4250m. in 1971. New investment so far this year stands at just over \$4100m.

Many important projects for iron ore and bauxite development, all of which involve foreign capital, are held up, and some may not go ahead at all unless the government waives its 25 per cent deposit requirement on foreign capital. The government in turn hopes that more Australian money will be diverted into mining, and as a matter of policy has adopted a principle of government involvement hoping to divert Australian moneys into the mining exploration and development field. It is estimated that exploration money, which dropped by \$444m. in 1971-72, went down by a further \$450m. in the 1972-73 year, meaning that only some \$460m. was spent in that period.

The question of price for exports is one which has become important in government thinking. State governments and some exporters have been criticised by the Federal Government for letting minerals (particularly coal) go too cheaply. Carrying the price problem one step further, Mr. Whitlam is now seeking to establish a degree of co-operation on price between the ore-producing countries of the world.

The conflict between the two sides goes further when definitions are made of just what degree of foreign control there is over the mining industry. According to the government, it is 62 per cent, and must come down. According to the Australian Mining Industry Council, it is only about 48 per cent. Whatever the case, the only and assisted in bringing a clearer fact is that foreign money will be needed to continue to finance development of the industry unless money is to be diverted from other important public and private spending programmes.

Having said that, it is wrong to consider that it is a totally miserable picture although in the short term, it is. In the long term, it is anything but. The fact that the Minister and



Nickel ore stockpile at Kambalda, Western Australia.

the miners are getting together compared with \$4237m. in the previous year.

So the list goes on. On current estimates, copper sales for the year will be around \$495m. (from \$486m.); lead export values are up from \$482m. to \$490m. Gold exports are dramatically up (and many of the mines along the Golden Mile in Kalgoorlie have been rejuvenated as a result of the increased world price) to something in the \$420m. region, compared with \$44m. in 1971-72.

So, if all these production and price trends continue, the coming year will produce yet another boom for the established industries, and, dependent on government policy, may see the explorers rejuvenated.

It will not, one hopes, be a boom in the 1969-70 stock market sense, when anything sold. Both the mining and securities industry are endeavouring to ensure that that ignominious chapter of Australian history is not repeated.

No doubt many of those punters who are still holding once expensive and now worthless stock in the names that clutter the mining board of the Stock Exchanges would love to see one just to get out. Alas, one cannot see any ointment to soothe so many still-burned fingers.

## Record prices

The resurgence in demand for ores, the new record gold and copper prices and recovery of the aluminium market have all meant good news for some Australian producers. Production of iron ore rose in response to increased Japanese demand, and assisted in bringing a clearer fact is that foreign money will be needed to continue to finance development of the industry unless money is to be diverted from other important public and private spending programmes.

# Nickel goes into production

By DONALD LIPSCOMBE, Perth Correspondent

In line with the normal pattern of a prospecting boom, the weight of effort has shifted during the past year from nickel exploration to production. It is the more tedious and less spectacular part of the cycle. And in the case of nickel, the standard surge-retreat-recovery graph has been aggravated by the Poseidon super-boom. From this, the reaction has occurred and the slow grind is under way, turning ore-bodies into mines.

This time last year there were three producing mines and 13 at the point where production was only a matter of time. Since then there has been only two significant new nickel areas found, but three small new mines can be added to the list of producers. Forrestania, 170 miles south-west of Kambalda, is the new environment, being drilled out mainly by Amax and Amoco, with several small Australian companies associated. Near the Pilbara coast, Texasgulf has defined at Sherlock Bay a big, low-grade nickel-copper ore-body, estimated at the preliminary stage to contain 75m. tons of mineralisation, average grade only 0.5 per cent, but possibly shallow enough to be open-pit mined economically.

More than this, there is ample evidence that federal policy actively promotes this trend. A few big companies are easier to handle than a lot of little ones. So under Labour, there is an accelerating trend of speculative mining groups withering, and the big companies are getting bigger in the process although they are as uneasy as their smaller colleagues at the way the natural resources industry is being handled.

The most successful of the big companies is Western Mining, which also has several ore-shoots under development in the Kambalda region, with expansion spilling across Lake Lefty to the Paris-St. Ives area. In April Western Mining opened a flash smelter in Kalgoorlie, using the Outokumpu method. Main newcomer to the nickel mining business in 1974 will be Selection Trust, which has indicated at least 33m. tonnes of nickel ore, averaging 2.2 per cent, with a cut-off grade of 1.13 per cent, at Agnew, 200 miles north-north west of Kalgoorlie. Australian equity in Agnew is small, 80 per cent held directly by the parent group and a further 16 per cent, indirectly, through the listed Selection Trust's 20 per cent. Despite Selection Trust's fine record, Agnew has the potential for becoming a test-bed for the new nationalism.

Windarra will be 1974's other major nickel mining event. Western Mining has joined forces with Poseidon at Windarra in a joint venture that will bring the former wonder-stock's orebody into production in August, at a start-up rate of 1m. tons a year, 33 per cent higher than initially planned. Despite its relatively small grip on world nickel sales, Western Mining is a disproportionately potent market force, and its importance will grow.

## Same level

Nickel provokes dogmatic opinions about its long-term prospects on nearly the same level of ferocity as gold. Either it is just another commodity, prone to the cyclical ups and downs of industry; or it is yet to tap the unplumbed demand of new uses. Nickel enthusiasts maintain that this element, more than any other, will be buoyed by accelerating demand because of its alloying versatility, compounding qualities that make nickel's per-capita usage a fair barometer of living standards.

Apart from the pattern of world demand, Australian nickel must look close at home over its shoulder at organised labour. As gold miners command wages nearer to those of nickel miners, it becomes more attractive to work in the bigger mine of Kalgoorlie rather than at relatively more remote towns like Nepean, South Australia. There is a risk that nickel and gold will compete for scarce labour skills. However, in general terms, the industry is in a healthy state at a stage that has more stability than booming, and can be expected to move ahead in the coming year.

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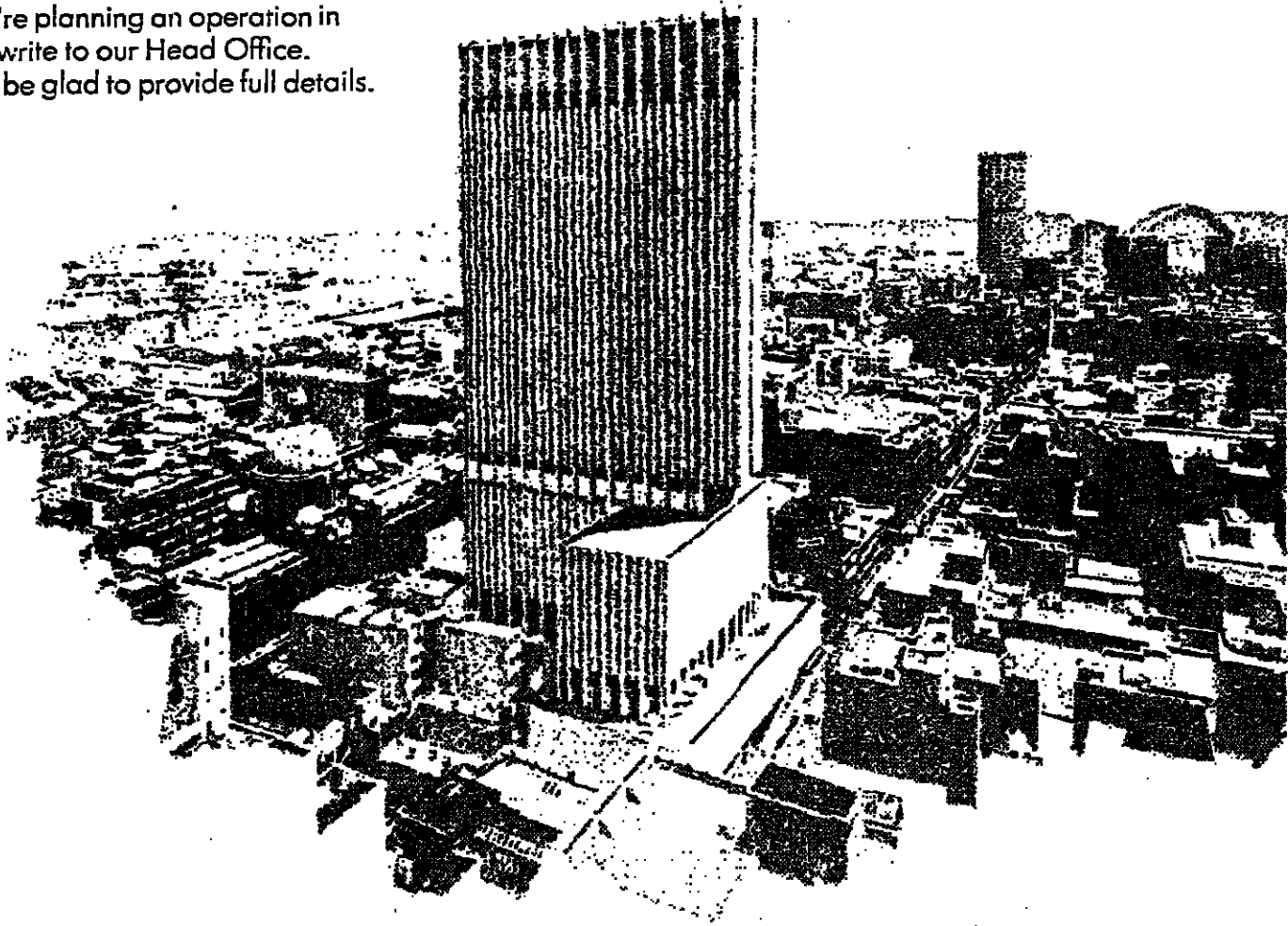
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## SOCIETY TO-DAY

# Faint stirrings of change in the new suburban radicalism

By DONALD HORNE, Research Fellow in Political Science, University of New South Wales

It's a long time since nations personalised themselves as legendary characters, but if Australia were to have to go at it now the best pick might be Mrs. Edna Everage, the superb comic creation of actor Barry Humphries: Suburban Woman, bursting out all over with optimism, all trend and no taste, but indestructible. Bounce her, she bounces back. Inner-directed, she is confident in her faith that the basic meaning of life is to be found in the upkeep of a suburban home.

She is not the Australian. No one is. But she comes from our true frontier. Two of the great pioneering acts of our predecessors, come to an old land with new hopes, were to democratise access to rich men's games and to invent suburbs for the common man.

For three or four generations those Australians who wanted to find an explanation for any thing in their nation they didn't like found it in this premature suburbanisation. With all those empty spaces on the map, it seemed unnatural that most Australians should live in suburbs: so all faults could be seen as a punishment for this deviation.

In the last ten or 15 years, in which we have seen the rise of self-defining intellectual groups

and the use of tertiary education as the main gateway to status and money, the suburbanites have been blamed for everything from the state of the arts to the state of the nation. The ordinary people have been blamed for all the inadequacies of the new top people. A symbol of their worthlessness became the "Australian Ugliness," the attempt of the suburbanites to express their individualism in the "featurism" of their houses. When the individualism of suburbanites was not being attacked, critics had a go at their conformism.

### Puritan blight

Even from the (hardly ever considered) viewpoint of the suburbanites themselves something had gone wrong. In the manner of success, the early triumphs of the suburbs had become defeats. The ideal of every family its own household had produced much harshness and loneliness. In any case its first flowerings had been blighted by the long ice age of Australian puritanism, a particular expression of the general spread of English-speaking busybodyism.

Now centres of gregariousness begin to flourish in the suburbs. Barbecues sprout on suburban

patios. Puritan restrictions stop attacking the suburbanites more of "Last Tango in Paris" in Melbourne than you can in Manchester. In the people's Gough Whitlam as Prime Minister.

Non-British immigration leaves the lump. Dispirited Anglo-Saxons have been almost completely pushed out of the food shops and restaurants. There are Greek movie houses, political crises over Croatian terrorists. In the steel-making city of Wollongong-Port Kembla (pop. 200,000) they had a "Fusion Festival" last July. The word "fusion" referred not only to the city's steeliness but also to the fact that its families come from 58 different nations.

Younger writers can now accept the suburbs as subjects for art. David Williamson's *Don's Party* was so successful last year that theatre parties came in from the suburbs to hear four-letter words pronounced in the Australian accent. On television some of the top ratings go to shows set in the suburbs, even if they are suburbs with an uncharacteristically high proportion of murders and sexual activity.

Intellectuals are beginning to stop attacking the suburbanites now that they have proved their unsuspected worth by electing Whitlam as Prime Minister.

### Political issue

It was Whitlam who invented the suburbs as a political issue. He has shifted emphasis from romantic but uneconomic ideas of trying to get more people to live in the countryside and given priority to spending development money in the cities, where most Australians do their voting. Sewage systems touch his imagination. Irrigation plans are out.

He was defeated by a majority in his cabinet in July in his desire to disband the farmers' subsidies, but some of them are to go and the rest will probably follow if he gets a Senate amendments to the electoral law that will deprive rural voters of their present unfair 20 per cent weighting.

As part of this new suburban radicalism some of the suburbanites are even beginning to do something for themselves. Some have voted municipal councils out of office: some support community action. For most of Australia's history, local

government has been lost in such apathy and corruption that even these small stirs are a revolution.

The new self-acceptance of Australia as a suburban society is a kind of revolution, the domestic equivalent of the external self-recognition as an independent Indo-Pacific nation with its own way to make in the world, another idea Whitlam tries to push along. An enormous amount of imagination and resources have been wasted on the rural dream of an Australian yeomanry. It was capital intensiveness that made Australian farming so successful and mineral exports now make exports from uneconomic farming unnecessary.

A lot of the new radicalism comes from people I have described as "the patio intellectuals" - suburban new thinkers to whom the problems of politics are as easily handled as the extension of gracious patios into suburban backyards. Their natural political party is the fairly recently formed Australia Party but people in the Labour Party see themselves as dependent on Australia Party votes. In fact some of Whitlam's Cabinet ministers are Australia Party types. So are some of their advisers.

In an extreme form patio

intellectuals want to replace GNP with ZPG (zero population growth) as a national goal (as long as their own living standards stay up). In more moderate versions patipolitics is liberal endgame. At its best it opens new, apt horizons. The danger - important because of Labour's belief that it is dependent on the patio vote - is an occasional absurd translocation of overseas trends into Australian experience.

### Into distaste

The most notable example of the way concern with over-population was translated into a distaste for Australia, multinational and increasingly multi-racial immigration programmes, the most liberal achievement of the previous governments. At times this concern took the xenophobic form of believing that if we don't have immigrants we don't have pollution. Labour reduced immigration to attract support on the patios. But this is now producing economic difficulties to which no one has a solution. And it is temporarily suppressing the most obvious source of Australian idealism. Obvious that is, if you look at a map. They don't usually have maps of patios.

## OIL AND GAS

# Fears of an energy crisis lead to a ban on fuel exports

By MICHAEL SOUTHERN

With fears of an energy crisis which would ultimately hit Australia, the government has placed a ban on the export of fuel and natural gas.

It is the overseas energy crisis that has forced the ban on exports of all fuel until the and their prices, and it is also looking closely at all minerals, regardless of whether they are energy sources or ores with a conservation value.

The conservation policy with regard to the oil and gas industry, along with other measures such as the removal of tax incentives for explorers and a clear statement that the government proposes to intervene as a partner in exploration and development, has cast some shadows over the industry. This is mainly because the government has not explained just how it proposes to intervene and has, at the same time, extended its multinational company bashing habit to the international groups that are involved in exploration in Australia - notably Esso and Burmah.

### Falling reserves

And, while this goes on, demand for petroleum products in Australia is increasing, and because of the reduced exploration activity, the need for this increased imports grows greater. There was a point at the beginning of the 1970s when Australia could boast 70 per cent self-sufficiency from known oil reserves. Depletion of oil reserves and lack of any major new discoveries suggest, at this point in time, that Australia may be only 20 per cent self-sufficient by the 1980s. This view was confirmed by a recent announcement by the petroleum companies that the petroleum Information Bureau would conduct a detailed report on the world crisis and how it would affect Australia. According to the Bureau, Australia is the exploration groups are seeking concessions from the government to allow them to continue, while the government, concerned at coming shelf where exploration is continuing, would slant the figures further in favour of foreign ownership and away from Australian interests.

It is in the light of this that the exploration groups are seeking concessions from the government to allow them to continue, while the government, concerned at coming shelf where exploration is continuing, would slant the figures further in favour of foreign ownership and away from Australian interests.

Capital raised for oil exploration in Australia on patterns set in the last few years, indicate that the country cannot produce \$A200m. a year which is considered necessary. Apart from a highly falsified figure of \$A83m. during the 1969 boom, the amount raised has been around \$A40m. in

1970 and in 1971 about \$A26m. It was slightly higher in 1972. On this basis, Australia can only expect to own around 12 per cent of new oil reserves. Even the rate of \$A83m. a year would only offer ownership of 45 per cent.

### Foreign hands

The remainder, if exploration goes at the needed rate, would be in foreign hands. Mr. Whitlam's government's attitude to foreign companies is well known. Woodside-Burmah has been criticised for having such large leases on the north-west shelf (its area is larger

than the whole of the North Sea) and having so few rigs. Yet Woodside was the only company interested. It is due to relinquish half its area next year, and at that point the government participation policy may become clear.

The oil companies have also been under criticism for their pricing policy for refined petroleum, and are to be subjected to a Royal Commission. Further pressure on them over the number of service stations has resulted in a general plan to reduce their numbers by many hundreds. It is argued that this may reduce the price of petrol.

# Plans for pipeline grid

By DONALD LIPSCOMBE

During the term of the Whitlam Government, a scheme has been formulated for establishing a \$A600m. national pipeline grid to link the major natural gas fields with the main users. Although no specific details will be released until a newly started feasibility study is finished about the end of the year, the idea as announced is to create one Australia-wide price for natural gas which is being produced currently from three gas fields, with two other major gas accumulations to be linked in after appraisal drilling. Provision was made in last week's Budget for a start on the South Australia to New South Wales section of the pipe.

In such terms, the national gas grid scheme seems sensible and relatively straight forward. But its implications have upset state governments and the petroleum exploration industry. Few believe the pipeline will ever be constructed. Meanwhile its shadow is causing all the major development programmes in the industry to be rewritten, with the secondary effect of confusing the mid-term planning of miners and processors who might expect to benefit from gas on tap.

### Major fields

Before the Whitlam Government's election, the Tonkin Government in Western Australia had announced that it was looking at the prospect of piping gas from a central Australia, the Palm Valley field, to its minerals projects. A similar scheme had been dis-

cussed by the previous administration. Palm Valley is one of the two major gas fields being assessed in the current study.

The other is the north-west shelf, where five structures have been proved gas-bearing and where six rigs are scheduled to be working by the end of the year. Before the national gas grid idea was put forward, the exploration's ultimate aim was to provide enough gas for West Australian consumption before seeking permission to export the rest as LNG. Locally sold gas would, on state government planning, virtually be subsidised by the export of liquefied natural gas to Japan and North America's west coast.

However, "domestic" consumption takes on a vast new dimension in the national grid context. Contingency plans are

being put together to bring gas ashore quicker than originally scheduled (about 1976) to produce power for Pilbara industry. In this way, no Palm Valley gas would be needed on the west coast, and perhaps not in the Kalgoorlie area either. The grid scheme may, then, be pre-empted.

Since its proposal, the concept has been ephemeral and must remain so until the arithmetic of transporting gas over thousands of miles is completed. It is one of several ideas that have drawn out the battle-lines between the industry and government. For it typifies the vague central planning that has spawned far-reaching corporate confusion through uncertainty, the most damaging product Canberra has handed to industry.

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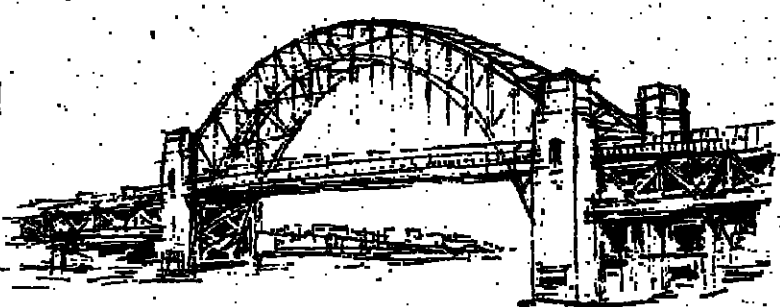
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# Aborigines get more chance to lead the full life

By Dr. ELIZABETH EGGLESTON, Director, Centre for Research into Aboriginal Affairs, Monash University

In July, 1973, the tents of the Aboriginal Embassy were removed from their site opposite Parliament House, Canberra amid violent scenes. In December, 1972, the Labour Government came to power in Canberra. From the viewpoint of a white Australian, this was the most significant event in Aboriginal affairs during the last year. The members of the Embassy, a symbol of protest against the former government's policy on Aboriginal and rights, had been supported and encouraged by members of the Labour Party, then in opposition.

Labour came to power on a platform which included a detailed policy on Aboriginal affairs. Implementation of that policy is now under way. The former Office of Aboriginal Affairs has been upgraded to full departmental status. The new department is distributing the increased funds available for Aboriginal education, housing and health programmes. Education is being offered in the vernacular for young Aboriginal children. Aboriginal medicine men are being paid, on some government settlements, to reassure and heal the sick.

On the major issue, the Labour Party has a definite commitment to grant land rights to Aborigines. The party's platform (on which it stood for election) reads: "All lands to be vested in a public Aboriginal trust. Exclusive corporate land rights for tribal communities, where traditional occupancy can be established, from anthropological or other evidence. Alienation of land to be possible only with the approval of the Trust and Parliament."

Mr. Justice Woodward, a judge of the Industrial Court, has been appointed Commissioner to investigate questions of implementation, that is, to advise on the translation of this promise into legislation which will ensure security of title for Aboriginal communities.

In the meantime the Government is continuing to buy up land for particular Aboriginal urban Aborigines of course, but groups to own and manage. Dr. A. C. Coombs, chairman of



Desert nobility and slum squalor—Tribal Aborigines in the Rawlinson Ranges of Western Australia (above) and part-Aborigine children at the Lake Tyers Reserve, Victoria (right).

the Council for Aboriginal rights. There appears to be no commitment to providing compensation for land lost generations ago, except where traditional occupancy can be proved by anthropological or other evidence. Urban, part-Aborigines are likely to have difficulty in furnishing the necessary evidence, though some are making a brave attempt to claim rights to Collingwood, an inner suburb of Melbourne. Yet militant young urban Aborigines were in the forefront of the land rights protests. They were not thinking solely in terms of title being granted to tribal communities in remote areas. They were seeking recompense for the dispossession of the continent on behalf of all people of Aboriginal descent, whether or not they could establish links with particular pieces of land to the satisfaction of white law courts.

## Urban difficulties

But the Government's Aboriginal land policies have so far concentrated on rural and particularly tribal Aborigines. There are programmes for the discriminatory rule that immigrants of European origin were eligible for Government-assisted passages to Australia, but others were not. But having no great wish to change the colour balance of the immigration programme significantly, an overall cut-back, allied with a new emphasis on "family reunion" as the basis for sponsorship, made good sense.

## Target figure

The new Government's first reduction in the immigrant target figure (in January, 1973) was made at a time of exceptionally high unemployment and attracted general approval. By August, when the 1973-74 target was announced, the employment trend had been reversed and critics re-emerged. Opposition leader, Mr. Billy Snedden, said the target of 110,000 "ignored our economic needs and does not take advantage of economic, cultural and social opportunities which migrants provide." But the opposition's official spokesman on immigration, Mr. Malcolm Fraser, was more cautious: "We would have preferred a higher skilled migrant intake."

The Government's decision reflects a pessimistic outlook for the future of Australia. Only the spokesman for industry approached the full-blooded cries for maximum growth which were so familiar in past years. The Associated Chambers of Manufacturers thought the target figure should be "of the order of 200,000."

There would have been no chance of that, irrespective of the political complexion of the Government. Objections to the attitude that immigration exists to provide "factory fodder," even though that may be qualified with economic growth, are probably stronger today than those grounded in environmental, quality-of-life arguments for limiting population growth.

The new Minister for Immigration, Mr. Al Grassby, believes

These militant young Aborigines are still talking about Black Power and criticising the Government in spite of the fact that a different party holds office. They have not been swept away by the euphoria which overcame many white liberals with the news of Labour's victory. The pessimism and bitterness expressed by young blacks is, paradoxically, a hopeful sign. It means that a real grassroots movement now exists, which will not be content until all Aborigines have an honoured, comfortable place in Australian society.

## Advisory powers

The Government acknowledges the need for Aboriginal self-determination. It recognises that programmes planned for Aborigines but not by them, will be at best ineffective, at worst positively harmful. Steps are



being taken to set up a National Aboriginal Consultative Committee, a kind of Aboriginal Parliament though with advisory rather than legislative powers. Its members will be elected by Aborigines from all over the country.

The incorporation of Aboriginal groups is also being encouraged and funds are available for self-help projects like a community housing project in Redfern, an inner Sydney suburb. Redfern is the home of many Aborigines and the site of the first Aboriginal-initiated Medical Service and Legal Service. The Legal Service has already become the model for ventures in all states: \$850,000 legal services up to June 30, 1973. These services can provide legal representation for Aborigines charged with criminal offences, the most pressing need. In the long term they can have considerable impact also in the field of civil law, particularly if they follow the precedent set by American Indian Legal Services. In the United States the emphasis is on test case litigation, on thorough legal research in cases which can benefit large numbers of Indians.

The Federal Government has announced plans to take over Aboriginal administration in all states under the powers acquired after the 1967 referendum. Two states—Queensland and Victoria, are resisting the federal move, on the grounds that "We know what's best for our Aborigines."

In the longer perspective of history, the federal takeover of Aboriginal administration may be less important than the strike by Aboriginal cotton chippers in Wee Waa, New South Wales, which took place in January 1973. These exploited seasonal workers finally rebelled against the inhuman conditions under which they were expected to work and organised the strike which won some concessions from the employers. Apathy here gave way to protest. Some Aboriginal workers in outback areas have gone on strike in

earlier years but this is the first recorded strike among seasonal workers in the more closely settled states. The strikers received advice from the New South Wales Aboriginal Legal Service and talked of setting up an Aboriginal Trade Union. Perhaps these are signs of future directions in Aboriginal industrial action.

Another recent event can also be seen as extremely significant in the development of Aboriginal affairs, though it is doubtful that many Australians have heard of it. This was the first national seminar on Aboriginal arts held in Canberra in May. It was organised by the Aboriginal Arts Board, whose chairman is Aboriginal painter and writer Dick Roughsey. It provided a forum for discussion of ways in which traditional and contemporary Aboriginal culture can be encouraged. Visual and performing arts were displayed. Its significance lay in the fact that for the first time there was a genuine meeting of minds between the traditional Northern Aborigines and the Southern urban Aborigines. The Southerners, more sophisticated and articulate in white society, showed a keen desire to learn more about tribal traditions and the tribal elders expressed a willingness to pass on their knowledge.

## Effective action

Aborigines certainly still have a long way to go before their serious problems of ill-health, poor housing and illiteracy are overcome. But now there is the potential for an Aboriginal movement which really combines the interest of tribal and urban groups. The link which are being established with indigenous minorities and other black groups overseas also offer the prospect of more effective political action by Aborigines. They perceive that, as a people who from ancient times have lived in harmony with the natural environment, they have something valuable to offer the wide community.

# Government takes fresh look at immigration

By KENNETH RANDALL

Towards the end of 1973, the Australian Government will be tackling, for the first time, the task of formulating long-term immigration and population policies. While the raw material upon which the decisions will be based is still far from complete, there is no longer any prospect of a return to the days of unquestioning commitment to maximum population growth.

Within weeks of taking office after the 1973 General Elections the Labour Government slashed the then current immigration programme by more than 20 per cent, reducing the target figure from 140,000 to 110,000. For the financial year 1973-74 it decided to maintain the same target, with provision for 80,000 Government-assisted immigrants.

These are the lowest target figures in more than a decade. Almost certainly, too, they are straw in the wind for the future, but although it was easier and more expedient for Labour, after so long in office, to dramatise the break with the past, the break itself had become inevitable.

Mr. William McMahon's Liberal-Country Party Government had acknowledged as much by setting up a national population inquiry under Professor W. D. Borrie, of the Australian University, and commissioning from Sydney University a study in depth of the benefits and costs of immigration.

Apart from efforts to speed the work, the Labour administration has done nothing to change these arrangements, which will provide the starting-points for next year's policy decisions.

Labour, nevertheless, has the more marked predisposition towards a substantial and permanent scaling-down of immigration.

Being both trade union-based and, as Prime Minister Whitlam likes to put it, "a great humanitarian party," full employment is an article of faith for Labour. If the choice must be made, it would prefer an over-stretched labour market to one where immigration pressure heightened worker competition for scarce jobs.

Secondly, the party has under-

taken a very strong commitment to rid all Australian policies of racist overtones, no matter what their form. In taking office it promptly abolished the discriminatory rule that immigrants of European origin were eligible for Government-assisted passages to Australia, but others were not. But having no great wish to change the colour balance of the immigration programme significantly, an overall cut-back, allied with a new emphasis on "family reunion" as the basis for sponsorship, made good sense.

In any event, that the net population gain from the relatively small target figure in 1973-74 could rise by about 5,000 to 80,000 through greater attention to the problems of new settlers already in Australia.

"It is not good enough to bring people here just to become what are described statistically as 'migrant departures'," said Mr. Grassby when he announced the target figure. "It is important to realise that nation's migration programme is not just a means of adding to the workforce but is intended to be a means of expanding and enriching the family of the nation in all its aspects and to the advancement of Australia and the new comer."

A series of still-developing factors will decide whether the economic argument for greater numbers regains some of its former strength. Inflation will remain an over-riding concern for the Government throughout 1974, with labour shortages (and consequent wage pressures) a continuing part of it. The effects of the 25 per cent cut in tariffs across the board remain to be seen, too, although Mr. Grassby has ventured the opinion that they could displace 30,000 workers in the short term.

## Employment growth

A company survey conducted by Sydney-based P.A. Management Consultants in mid-1972 showed that 62 per cent of respondents expected "recruitment problems" at the present level of immigration—mostly in the skilled and semi-skilled categories. The expected growth rate in employment was 4.1 per cent.

And also to be established from experience is the effect of family reunion criteria in changing the proportions of workers to non-workers in the migrant intake.

The main counter to the industrialists' arguments is the consciousness, largely created by Mr. Whitlam in recent years, of the massive problems and social inequalities that have been allowed to develop in Australia's major cities. Raising the

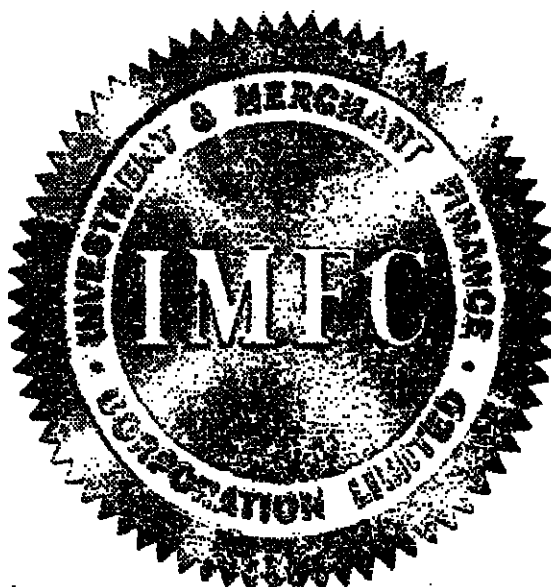
## Long-term thinking

Mr. Grassby has given few clues to the shape of his long-term thinking, probably in deference to the research projects now under way. He does, however, "view with some misgivings the practice of projecting existing demographic patterns far into the future."

At 12m, he points out, Australia's population is rather less than the probable margin of error in world population estimates. Her contribution to world net natural population increase is some 0.0036 per cent, a year—not, he considers, a cause for concern in the total picture.

He also stresses the age structure of the Australian population. "I invite you to consider the economic, social, cultural, and community implications of this: some 45 per cent of our total population are less than 25 years of age; 69 per cent are less than 35 years of age."

Mr. Grassby's advocacy may be crucially important when the Cabinet comes to consider population policies to the turn of the century. At present, he professes no adherence to any particular philosophy but the impression he leaves is of a firm attachment to the middle ground in the various arguments—rather where, he likes to believe, the position rests at the moment.



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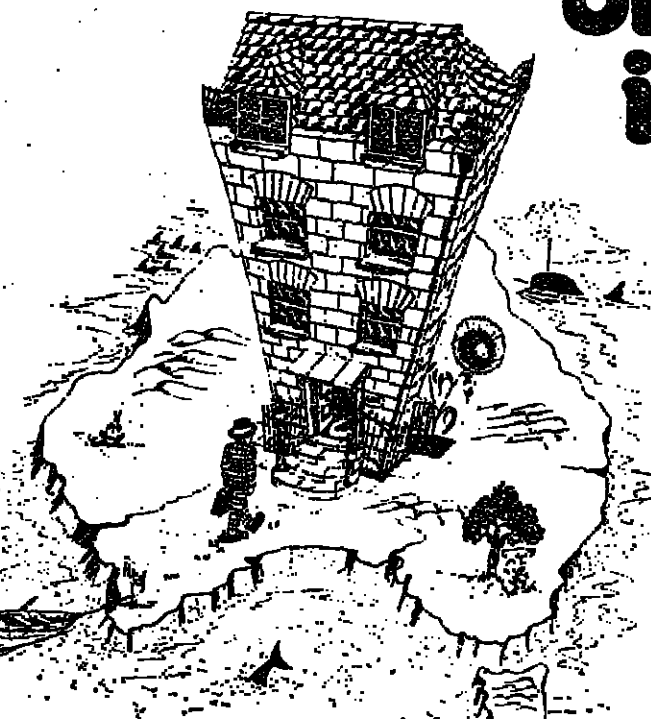


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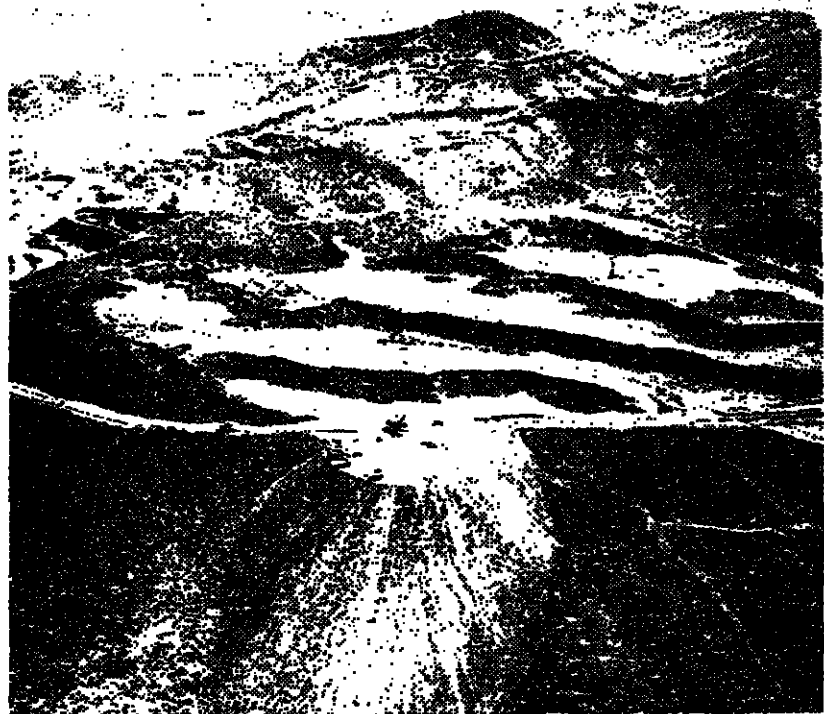
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If you want to know more about our Great State, contact The Agent General, Western Australia House, 115 Strand, London, WC2R 0AJ, or contact The Co-ordinator, Department of Development and Decentralisation, 32 St. George's Terrace, Perth, Western Australia, 6000.



From one end of our million square mile state to the other we are building and developing. Our million people have opened up the land to highly mechanised agriculture and to mineral development and processing. The scale is out of all proportion to the few inhabitants of this vast country.

Here are some of the advantages to would-be investors:

1. We are geared to industrial and economic expansion. For the past decade our growth has been extraordinary and the legacy of that growth is a dynamism in our people and a willingness to accept challenges that would awe most other people.
2. Our natural resources are virtually untapped.

No-one knows the full extent of our natural gas reserves. Our iron ore deposits are measured by the cubic mile. We have oil. We have an abundance of all the minerals needed

by the world's great industrial powers. We are already supplying much of these needs.

3. We have democratic, rational Governments that ensure an unlimited future of security and peace of mind.
4. Our cities and towns are sophisticated — and pollution free. Our people enjoy the good things of life — materially and culturally. This in itself presents opportunities.
5. Our proximity to South East Asia is a bonus. You can use the home markets of Western Australia as a base for a manufacturing enterprise that exports to the product-hungry markets of Indonesia, Malaysia,

#### DIVERSE ECONOMY

California has grown up. No longer does her economic fortune rest solely in crates of citrus fruits and giant airplane hangars. Of course aerospace and agriculture are still important to the Golden State, but today California's economy is multi-faceted. The shelter industry and tourist industry have joined aerospace and agriculture to form a solid backbone for economic stability and expansion.

#### THE TOURIST INDUSTRY

In 1973, sunny California will play host to 9.4 million out-of-state visitors. These visitors will pump a total of \$1.8 billion into the

Although California now competes against a growing number of states and countries for the tourist dollar, she is blessed with an abundance of the tourist industry's "raw materials." These include a varied and spectacular topography, a fantastic climate, and a multitude of world-famous, man-made tourist attractions. These factors, working together, assure



## THERE'S MORE TO CALIFORNIA THAN AEROSPACE AND ORANGES.

California an important place in the growing recreation and tourist market.

#### THE SHELTER INDUSTRY

The 1970's may well become known as the decade of the builder in California. In 1972, housing unit authorization in California reached near-record proportions. And for 1973, new unit authorizations in California should total 225,000 units. However, while apartment and other multi-unit construction accounted for over 56% of building activity in 1971 and 1972, single-family dwellings give indications of once again taking the lead in 1973.

The mobile home has also become an increasingly important consideration in the growth of the California housing industry.

Since 1971, mobile homes have made major gains due to their acceptance as an attractive form of shelter. And this growing acceptance of mobile homes has led to a remarkable increase in the construction of new mobile home parks. In fact, by the end of 1973 the total number of spaces available in California mobile home parks should

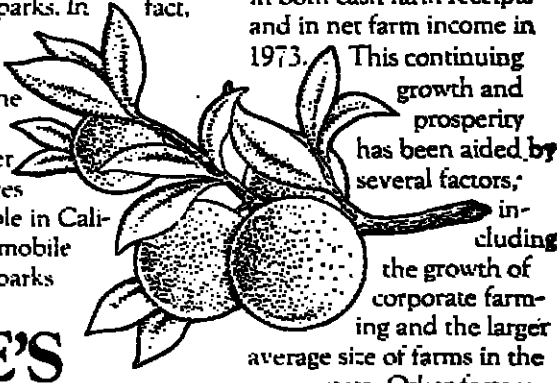
approach 315,000 and accommodate over 600,000 people.

#### AND OF COURSE — AEROSPACE

No longer totally dependent on the whims of federal contracts, the aerospace industry is expected to grow with the rapidly expanding consumer and industrial markets. And the electrical equipment segment of the industry will lead the resurgence. Last year this part of the industry added over 7,000 people to its work force, and in 1973,

11,000 more people are expected to be added for a total of over 230,000.

AND ORANGES. On the heels of the best year in its history, California's agricultural industry will reach new milestones in both cash farm receipts and in net farm income in 1973. This continuing growth and prosperity has been aided by several factors, including the growth of corporate farming and the larger average size of farms in the state. Other factors accounting for increases in agriculture profits include strengthening meat and poultry prices and a



continuing increase in citrus acreage and production.

United California Bank has over 250 branches in California. But we're an international bank, too, with full-service banks in London, Brussels, Tokyo and Nassau; offices in Hong Kong, Singapore, Madrid, Beirut, Mexico City and Rio de Janeiro, and United California Bank International in New York.

We hope you'll look us up when we can help you in banking matters in any of our world cities.



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#### SOCIETY TO-DAY

## Trade unions occupy position of strength

By JEFFREY GLEGHORN

Towards the end of the first year of the first Labour Government in 23 years, Australian trade unions find themselves in an impressive position of power with most of the bargaining points in their possession.

First there is the simple numerical proposition that for the first time for many years trade union membership as a proportion of the total Australian workforce is increasing to the point where it now hovers around 50 per cent.

Secondly, the unions are operating in what is most definitely a sellers' market. Chronic shortages of Labour have developed in key industries such as steel, building and motor vehicle manufacturing. Major steel producer BHP, for example, needs more than 2,000 people to bring it up to strength, and most of the labour demand is for unskilled or semi-skilled operatives.

Thirdly, there is the fact of the Labour Government which, remembering its trade union origins, looks more sympathetically at the demands and aspirations of organised employees than did its predecessors.

On the third point, of course, difficulties will develop between the Government and the unions as the Government comes to grips as it must with the problems of inflation, a situation in which it may feel unable to support major improvements in wages and conditions and still appear to the electorate to be acting responsibly.

#### Low wage earners

In this context, the personality and wages philosophy of the Labour Minister, Mr. Clyde Cameron, must come into calculations. Cameron has a couple of philosophical pre-occupations and chief among them is his frequently professional concern about the position of the low wage earners relative to the higher paid — in Cameron's terminology, the "fatcats" and "tail poopies" of the work force.

Mr. Cameron favours compression of wages, to be achieved by flat money increases rather than percentage increases, so that the gap between the poor and the better-off is diminished. This was most recently shown in his unsuccessful attempt to get the Cabinet to intervene in a decision by the Commonwealth Public Service Board which gave a 16 per cent. rise to top public servants and a 12 per cent. across-the-board increase to the lower and middle echelons.

Mr. Cameron's proposal was to top the increases to his "tail poopies" to finance greater increases for those down the line. But generally speaking in these early days the Government has shown itself more than willing to foster the trade union position.

The granting of four weeks' annual leave to public servants, its general commitment to the introduction of a 35-hour week in high-productivity industries



R. J. Hawke, president, Australian Council of Trade Unions.

it feels can afford it, and its proposal to amend the Conciliation and Arbitration Act to facilitate the amalgamation of unions, to abolish the discriminatory and largely inoperative "penal" provisions of the Act, and to remove the liability of unionists in tort, are examples of this general philosophy.

Some sort of crunch may come after the New Year when key unions in pace-setting awards and agreements come up, with wage demands which reflect past inflationary erosion of wage levels. Many union leaders believe that these claims could be as high as 20 per cent, even if the Government is successful in expected monetary moves to dampen down the boom.

Meanwhile, in an overwhelmingly favourable climate the unions continue to develop new initiatives. Chief among these, although increasingly controversial, are moves by the central organisation, the Australian Council of Trade Unions, into business enterprises.

These include the purchase of a retail store in Melbourne, a low-cost housing project in South Australia and the setting up of a trade union travel enterprise in conjunction with a large transport company.

Most of the moves have been generated by Mr. Bob Hawke, a former Rhodes scholar and triple-degree man, now in his fourth year as president of the ACTU. Mr. Hawke has developed through frequent overseas contacts an affinity with, and admiration for, the activities of trade union organisations in West Germany and Israel.

Although the store and the travel business have been moderately successful (the store's most spectacular achievement was the *de facto* abolition

of resale price maintenance) Mr. Hawke and his colleagues have found themselves in conflict with the extreme right and the extreme left of the union movement in relation to business enterprise.

Those on the right, who can be regarded as Mr. Hawke's political opponents, say that any enterprise should be developed on a more co-operative basis, rather than in conjunction with existing enterprises. The more ideologically motivated opposition of the left, which had a hand in placing Mr. Hawke in power, says that any enterprise should be developed on a more co-operative basis, rather than in conjunction with existing enterprises.

No doubt the extensive middle ground of the trade union movement will support the enterprises and the ACTU's problem appears not to be that the enterprises will fail, but that they will be less effective if a large and powerful union like the Amalgamated Metal Workers' Union—now 170,000 strong through the amalgamation of three unions—do not co-operate.

Another development, not encouraged by the central trade union bureaucracy, but espoused by more radical elements, is the emergence of the doctrine of worker control. It is difficult to identify areas in which the concept of worker control has gained any significant ground. But some idea of the apprehensions of employers may be gained from a minute on New South Wales electrical power dispute given limited circulation by the NSW Electricity Commission.

The commission said "the actions resorted to by the men have gone beyond anything previously encountered and are similar to those advocated by workers' control groups which have recently emerged."

#### New tactics

A major workers' control conference was held at Newcastle (NSW) last Easter and the main speakers included Mr. L. Carmichael and Mr. J. Munday (both leading members of the Australian Communist Party). The theme of the conference was the development of tactics which would encroach upon the prerogatives of management by means of work-ins, sit-ins and other acts of defiance.

These tactics have been followed in the power stations and there have been several cases in which employees, stood down for refusal of duty, have refused to leave the site, and other occasions when large numbers of men have remained within the premises after finishing time for the purpose of harassing supervisory staff engineers and picketing access to the station.

"The industrial action has, with an odd exception, not taken the form of a conventional strike or mass walk-out, i.e. men leaving the job. Rather the pattern has been for a few maintenance employees in key positions to refuse duty in such a way as to effectively prevent essential repair work without the need for large numbers of men to go on strike."

The great majority of employees have continued to draw wages and have financially supported those few employees who have not been paid for refusing duty.

The commission may have been exaggerating. What happened may have represented the application of shrewder industrial tactics, but certainly worker control is a factor to be considered in future Australian industrial relations.

Finally, not all of the trade unions are uncritically committed to a Labour Government and will go along only selectively with government initiatives.

Wearing two hats as federal president of the Australian Labour Party and head of the industrial movement, Mr. Hawke faces a major test in reconciling aims and objectives of the party with those of the unions.

## Opera House sparks note of euphoria

By MICHAEL SOUTHERN

It took fifteen years instead of two, \$A100m. instead of \$A8m., and has caused more argument than any other political issue in NSW in the past decade. Who cares?

At this point in time, no one. All that Sydney knows is that, come October, the Opera House will be officially opened by the Queen, and that it really is the greatest Australian building of the century. During its construction period, Jørn Utzon's creation has been the subject of much derision, especially from other Australian states. It has been criticised as a white elephant. The opera hall has become the concert hall and the smaller concert hall the opera hall. From some seats, you cannot even see the opera stage. That does not matter this year. For Sydney, this is the year of the Opera House, the year when bungling arguments and fights between architect and government are forgotten.

Already, the programming of events for the Opera House has shown that it is not just going to be a place for "silver-tails," and that pop, rock and Rolf Harris will find a place alongside the Cleveland Symphony, and the Australian Opera Company or ballet.

In the world of the arts, the Opera House has overshadowed all else in the country. And that's a pity, for there have

indeed been some important developments both in the quality and activity of the artists, and in provision of places for them to perform.

The lack of theatres and concert halls has long been the problem that has inhibited development of music and theatre here. The ABC-sponsored symphony orchestra's have, for years, had to play only in town halls and cinemas. But, as a result of some major building projects, there is now a new concert hall in Perth, and a \$A6m. concert and arts centre in Adelaide.

#### Melbourne centre

In Melbourne the first stage of a major arts centre is built, and functions as an art gallery. Contracts have now been let at \$A8.3m. for the next stage of the \$A26m. project which will ultimately house a 2,000-seat opera-ballet hall, an 800-seat drama theatre and a 400-seat studio-auditorium.

And, apart from its Opera House Sydney will, in November, see its first new commercial theatre for 40 years opened on the site of the old Her Majesty's, destroyed by fire some two years ago during an opera season. This is a \$A3m. project, with a seating capacity of 1,500. A smaller 800-seater is being built by a property developing group, Land Lease,

to replace one that it pulled down in order to use the site for an office-commercial development.

Sydney has also seen the start of a much needed flurry of new cinemas, and the rise of an Australian film industry in a small but satisfactory way. Some of the films have made commercial circuits in this country. The Adventures of Barry McKenzie made it in many other places and has been an outstanding commercial success.

In fact, there is a degree of artistic activity on a scale the country has not experienced before. Australian playwrights are getting their plays performed; the fringe theatre of two years ago is now becoming the centre, and productions by local writers have drawn a great deal of overseas attention when staged, even though, as in the case of David Williamson's *The Removalist*, some people may not like what they see.

Australian painters are no longer concerned with gum trees and local myths. They are a mature school operating within the larger international scene and respected as such.

Actors and singers, musicians and painters from Australia who are successful abroad are no longer regarded as the local boy-made-good by their countrymen, or accepted as some curiosity in other countries. They are accepted simply as artists.

It is a sign of maturity at last, and the soaring sails of the Sydney Opera House somehow have provided much of the impetus for this new-found confidence. They are the new symbol, the new attraction.

#### Celebration year

In the coming year, JC Williamson will celebrate its centenary of theatre in Australia. It seems a long time for a country so young, and the celebrations will include sponsorship of the New York Philharmonic and Leonard Bernstein (playing the Opera House). For the opening itself, the Cleveland Orchestra and Lorin Maazel will tour the country for the Australian Broadcasting Commission.

True, there have been foreign orchestras here before. But now, there are places of quality in which they can play, and more and more are expected to tour. Further, the theatrical entrepreneurs who once left the classics to the ABC are dabbling themselves, JCW's and Michael Edgely have sponsored visits by ballet companies (the Kirov came this year) and major international artists. EMI is venturing into this business now, and the burden of culture no longer rests solely with the ABC (for which many are grateful).



cup  
gth

Schools start to plug  
some of the gaps

By DANY HUMPHREYS

The same mood of change that last December swept into power Australia's first national Labour Government for 23 years has also invaded the schools.

This is not just coincidence. One of Labour's strong points at the elections was its education platform. And the opinion polls signalled that education had finally ousted foreign affairs and defence as the main issue.

In education, the feeling that some fundamental change was needed was very strong. The six months prior to the elections helped to heighten public concern for the schools. Stories of shockingly overcrowded classrooms, pathetically equipped schools, gross shortages of qualified and specialist teachers, and masses of non-English speaking migrants in inner city schools were commonplace.

**Cultural conflict**

A survey by the Inner-City Education Alliance, a group of parents, teachers and students from inner city schools in Sydney, found that 90 per cent of classes had more than 25 pupils, and that 74 per cent had more than 30 pupils. One-sixth of sixth grade classes in primary schools had a population of 80 per cent or more of migrant children with their attendant problems of language and other symptoms of cultural conflict. More than a quarter of schools had no remedial teaching facilities or teachers at all, either for migrant or Australian children. In Melbourne a survey by the Roman Catholic, State and Federal Government authorities revealed that only 20 per cent of the children who needed special English tuition were getting it.

A national survey of educational needs conducted jointly by all six State Governments, totalling up a staggering bill of \$41,440m. to maintain the status quo in primary and secondary schools alone, from 1971 to 1975.

On a qualitative level, research studies shocked the nation with their findings that Australia had the most authoritarian, lowest morale, disciplinary teachers by comparison with teachers from Britain, New Zealand and the U.S. The students, according to another study, were seriously alienated from school. "For a very large proportion of students, school is a distasteful or at best mixed experience. Student morale is very low; so low, in fact that the teaching and learning functions of schools must be seriously inhibited," reported two Canberra academics. Their findings were based on senior high school students in four major capitals in the eastern States.

But the elections crystallised the problems as largely financial and therefore capable of solution. Mr. Whitlam promised that "Spending on schools will be the fastest growing sector of Labour budgets." This promise included free university and college education from 1974. The central theme of the education platform was the concept of need—those who need more should get it. This appeals to the twin Australian myths of egalitarianism and the "give us a fair go, mate" philosophy of the fight against our harsh environment.

The political import of the "need" policies was a concerted attempt by Labour to attract support from working and lower-middle class Roman Catholics. The parochial Catholic schools their children attend were for ever in a perilous financial state. The "need" policies as applied to these schools meant increased Federal grants. But the non-government, non-Catholic schools, whose clientele tend to be drawn from the upper WASP classes, would lose their grants altogether (though State Governments continue their grants.) Prince Charles' old Australian school, Gelong Grammar in Victoria, fell into the latter category. This was a radical departure from the Liberal and Country Parties' policy which emphasises across the board, per-capita grants for all non government schools.

**Areas of deficiency**

The "need" policy now appears to be accepted as part of a grand social democratic plan. The educational flank of the plan was spelled out in the Karmel Report, "Schools in Australia," published in May, 1973. This was our first look as a nation at schools and the results are disturbing according to the interim committee for the Australian Schools Commission whose responsibility it was.

They identified three broad areas of deficiency. Schools lacked sufficient resources, both human and material to do the job. They established once again that Australian schools suffer from gross inequalities and so their students have greatly varying educational opportunities which are closely related to their socio-economic status. The final body blow was their summation that "... the quality of education leaves much to be desired."

In the face of these devastating criticisms of the schools the Karmel Report recommends seven separate programmes costing \$4467m. to help all schools reach a "minimum acceptable standard" by the end of the 70s. Three programmes are worth noting. They are the programmes for disadvantaged schools, special education and innovation. These are completely new in Australia, although rather old hat by now overseas. The total cost of Labour's commitment to the grand plan is \$4860m. for 1974/75.

Already learning co-operatives and exchanges, alternative and free schools are springing up like mushrooms in every State.

The new wave of progressive education which had been gathering strength since 1970 is now at its crest. Seminars on alternative education are popular and even the State Education Departments have got the hang of the jargon.

In Victoria, the departments of Education and Technical Education have encouraged a handful of secondary schools to create separate annexes of about 100 boys and girls. These are some of the most successful alternative schools in the country. Enrolment is open to any secondary age student on a first-come, first-served basis. The students study what, when and how they wish and the curriculum requires community and job experience. They use community resources such as libraries, museums, artists' workshops, sports centres and other schools' science laboratories.

Not to be outdone, the NSW Education Minister, Mr. Willis, has published a position paper on community involvement in schools which is presently supported by the parent organisations and opposed by the NSW Teachers' Federation. In South Australia the director general of education has told school principals that they are free to innovate and organise the school as they wish. In Western Australia a massive report on discipline in secondary schools resulted in some cautious moves towards more democratic school organisation which gives students more say in the running of the school.

With each State education department competing fiercely in the innovation stakes, the pressure for change in schools is accelerating. By 1980 they could be good places to be. Especially now that the national Government has seriously joined in. Our hypothetical antipodean slumberer, OZ Van Winkle will almost wish he were young enough to enrol at school again.

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cks

The advertising scene

By PHILLIP ADAMS

Australian advertising is just emerging from a decade of Angliophilia. For example, there has been a long-running campaign for Benson and Hedges featuring an ageing Bertie Wooster while an elderly Biggles has been at the controls for BOAC. Meanwhile, Dunhill's puffery involved an endless succession of Rolls-Royce's gliding down Regent Street and disgorging debs.

During his time the Australian accent has been a thing of shame, heard only from jockeys and footballers. The rest of the people in media cultivated an accent that could best be described as mid-Atlantic in determinate. Now the much vaunted new nationalism is upon us and Barry McKenzies abound.

However one group of Poms continue to flourish in local campaigns. It seems that every other commercial features an English comedian. Spike Milligan was the first, filming spots for the Commonwealth Bank. Warren Mitchell began hawking Alf Garnett around the country, doing campaigns for soup, Qantas and used car dealers. Currently Harold Corbett and Hercules are appearing for both a cigarette company and an outfit that rents outfits while John le Mesurier looks lost and vulnerable for BOAC. Robert Morley simps for Heinz, Harry Secombe cavorts for a leading lemonade and Peter Cook and Dudley Moore do Dagenham dialogues for just about everybody.

The humour belongs to the British, the business belongs to Madison Avenue. Their emissaries now dominate the agency ghettos in both North Sydney and Melbourne's St. Kilda Road. Although 265 agencies have been accredited by the all-powerful Media Council (a regulatory body set up by the Press barons) the 34 largest account for well over 60 per cent of total national billings. And most of the large agencies are foreign owned or controlled.

The MCA will not divulge the aggregate spending of foreign agencies, so it is not possible to specify accurately their share of billings. However, it's widely believed that agencies with a substantial degree of foreign ownership account for more than 50 per cent of national billings.

International heavyweights include Leo Burnett, Compton Foote Cone and Belding, Gray, Ogilvy, Ted Bates, McCann Erickson, J. Walter Thompson and Young and Rubicam. And there are almost daily rumours

that Doyle Dane Bernbach and Wellsrich and Green are about to hang up their respective shingles. Curiously only one British agency, Massius, so much as approaches the big league.

Between 1969 and 1971 the growth of billings through foreign-owned agencies was around 44 per cent, while the growth in total billings was only 2 per cent. So if the trends continue, the handful of significant Australian-owned agencies will disappear.

It's a contradiction that's provoking questions in Parliament and a degree of militancy from the surviving local agencies. Thus the Australian Association of Advertising Agencies is often branded the SA's or, if you prefer, the Australian Association of American Advertising Agencies. And there's been a break-away organisation formed called Austac that is dedicated to the demands of the tide. Their demands recently presented to a Senate select committee, include a minimum of 5 per cent in any given agency with foreign-owned companies being required to divest themselves of 85 per cent of their shares. As well, they're looking to the new Labour Government—through its newly formed Ministry of the Media—to place all Government business through local firms, along with the advertising for Qantas and Trans-Australian Airlines. They'd also like the Taxation Department to encourage the expansion of Australian agencies by permitting them to retain more funds. Currently, any agency trying to build up its reserves faces a 50 per cent retention tax.

**Local agencies**

Austac would also like assistance from the Development Bank to finance agency acquisitions and to provide finance for employees anxious to increase the individual shareholding in local agencies.

However, these submissions may well be ignored, given that the ALP's election results were somewhat enhanced by a much admired campaign of McCann Erickson's.

Insofar as the Labour Government is taking a growing interest in advertising, it is from a puritanical point of view. This cigarette advertising on television is being phased out over a three-year period while lighter regulations are being imposed in many other categories. Thus campaigns for cosmetics and alcohol are

coming under closer scrutiny (there was a move to have them banned outright at the ALP's recent federal conference) while many state governments have passed strong rules to control used-car advertising. As well, regulations have been announced that should discourage advertisers from taking unfair advantage of young viewers who, in the past, have been sitting ducks for exaggerated presentation of toys and games.

Yet while the agencies shrink from prophets of doom, profits aren't all that bad, factors like rising employment and inflation have encouraged a sudden boom. In 1966-67 the total billings through accredited agencies amounted to \$4206m. and this figure has risen by around 10 per cent per annum reaching \$4299m.—or 1 per cent of the Gross National Product—in 1970-71. With retail sales soaring this figure could well reach \$4310m. in the current financial year. And it should be remembered that retail, classified and amusement ads. add another \$4200m. to the total advertising expenditure.

The media breakdown is similar to that of the U.S., with TV accounting for 49 per cent, print and Press for 43 per cent, and radio for 81 per cent. However TV buying is complicated by the fact that there are no less than four networks, including the non-commercial ABC. Meanwhile the networks are gearing for colour—to be introduced in about 18 months—and their rates are rising sharply.

The rules and guidelines set by the Media Council of Australia are extremely tough and stringently applied. While they've brought a greater stability to the industry than in either the U.S. or U.K., they've also made it difficult for agencies to plan their own destiny and have in some cases, forced them to sell out to overseas interests.

Under the rules local agencies must renew their accreditation every 12 months. This requires that every agent should have \$4125 of tangible assets for every dollar of liabilities, with cash to cover 24 to 3 times the monthly overhead expenses. Then, for each additional \$41,000 of annual turnover the shareholders or the proprietors must find an additional \$433.33 of par with the U.K.'s and far capital. Moreover, the partners or proprietors investing in the agency must be employed full time at agency work. Obviously this latter regulation becomes irrelevant when the pro-

prietor is a David Ogilvy or a Leo Burnett.

Also inhibiting the growth of the locally-owned agencies is the fact that 75 per cent of the capital must be subscribed by full-time directors or agency employees. This means that no more than 25 per cent of agency capital can be subscribed by outside sources, and even this amount is subject to MCA scrutiny and approval.

Should an agency fail to settle the account of any medium of the MCA later than the 15th day of the month (that is, following the month of the appearance of the advertisement or, in effect, 45 days) a complete forfeiture of commission is imposed. (This can apply even if the payment is delayed in the mail.) All in all the restrictions are extremely onerous and make it very difficult for new agencies to establish themselves.

**Rural properties**

Once again the major beneficiaries of the system are the multi-national operations. With feelings running very high against foreign ownership of Australian business, rural properties and resources, it might appear that local agencies have a real chance to fight back. But with the advertising profession viewed with growing disapproval by the community at large—and Labour politicians in particular—the agencies are being left to fight it out among themselves.

Apart from Angliophilia giving way to xenophobia, there's a trend away from prime media to below the line activities. Given the growing clout of the major retailers, manufacturers are diverting more and more of the advertising budgets into co-operative campaigns and display. Subsequently the electronic media have little to fear from the restrictions on cigarette advertising or even from the curtailment of alcohol and analgesic promotion. Having ignored television since its introduction in 1956, retailers are now spending large sums on experimental campaigns that, by and large, are proving successful. Thus the Marlboro' man is likely to be replaced by the window dummy.

At its best, the creative standards in Australian advertising are below those of New York, on par with the U.K.'s and far ahead of Europe's. However a high percentage of the output is still facsimile reproductions of Northern Hemisphere campaigns, modified slightly as a result of local research.

Geodating using radio carbon dating equipment, by courtesy of the University of N.S.W.

How do you measure time?

A hundred years or three generations is a long time, especially when considered in terms of human life and achievement. But when measured against the age of Australia a hundred years is a mere drop in the ocean of time. Geologists have proved this continent is many many millions of years old. And the minerals which lie deep down in the earth are just as ancient.

For countless years, these minerals lay buried and unnoticed—a potential treasure house whose existence was unfolded only a few decades ago.

In 1923 the discovery of one of the world's largest deposits of silver, lead, zinc ore was announced. Mount Isa Mines was born, and this year celebrates its Golden Jubilee.

But—there's much more to MIM Holdings than Mount Isa Mines. Apart from their vital contributions to man's ever increasing demands for the earth's hidden wealth, the ramifications of MIM Holdings extend to milling, smelting, coal mining, lead and copper refining, exploration and constant research into possible metallurgical processes.

The diversification of the MIM Holdings complex extends to many parts of the world. Some of its activities include:

New Guinea, an extensive exploration programme is being carried out on a low-grade copper deposit.

And New Zealand, testing and evaluation of ilmenite deposits on the west side of the South Island continue.

And Great Britain, the capacity of the MIM subsidiary Britannia Lead Company Limited has been expanded to 155,000 tonnes a year.

MIM Holdings Limited and its subsidiaries are now an important part of the nation's development.

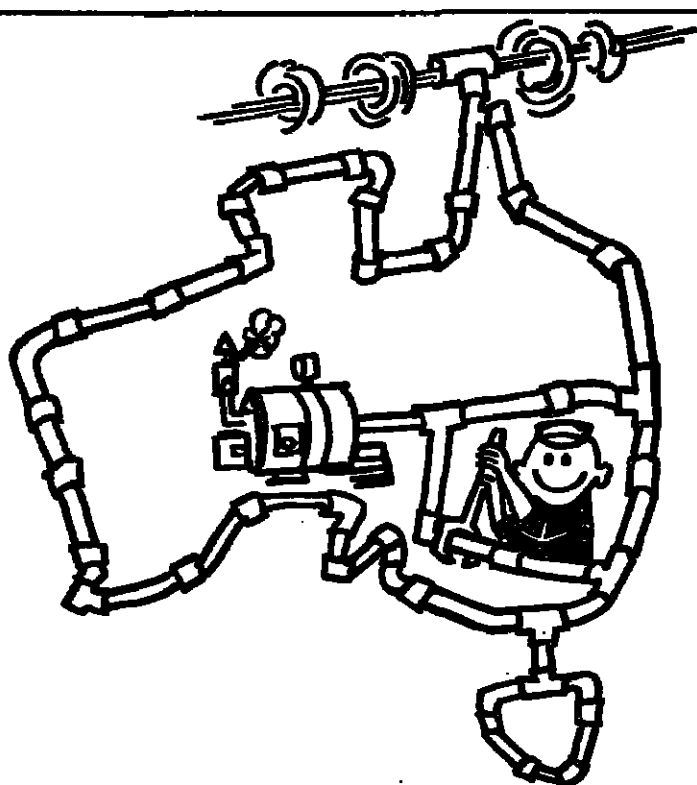
MIM Holdings Limited. 50



## THE STATES

## NSW seeks to decentralise

By MICHAEL SOUTHERN



## Manufacturing Opportunities in New South Wales Australia

New South Wales is Australia's richest, most populous state. It accounts for 43% of the country's total factory production but it still offers many manufacturing opportunities.

Let us give you details. Perhaps you could very profitably manufacture there, or form some kind of licensing deal with a proven local company.

For industries ready to locate in New South Wales' fast-

developing, non-metropolitan areas there are Government loans to buy land and build factories, rail freight concessions and more, available through the Department of Decentralisation and Development.

Write on your company letterhead for a free copy of "NEW SOUTH WALES - A HANDBOOK FOR INVESTORS", a comprehensive survey of economic and industrial potential in Australia's leading state

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for New South Wales,  
66 The Strand,  
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Telephone: (01) 439 6651  
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Or write to:  
The Director,  
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Sydney, N.S.W. Australia, 2000  
Cables: "DIDO"

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Decentralisation has long been a major issue in New South Wales and one to which there has, in the past, been more lip service paid than any real action. Yet, in the last 12 months, it has become an issue of state-wide and national significance. It is ironic that it should happen with a Federal Government that, being Socialist, is anathema to the Conservative government of NSW. But the fact remains that the Federal Government's policies of urban and regional development have been the greatest single factor in pushing forward the plans that were part of a State Government platform in 1965 and all but forgotten ever since.

Decentralisation is important for the nation, and NSW in particular. Ninety per cent of the state's manufacturing plant (which represents 43 per cent of total national manufacturing) is crammed into the coastal axis between Newcastle and Wollongong, with Sydney in the middle. More than 90 per cent of the state's 5.4m. people live in the same area which represents about 2 per cent of the total land area of the state.

## Cheaper labour

There have been some industries which have moved away from Sydney or, using incentives provided by the state government, established well away from the metropolitan areas. In most cases however, these moves have been directed more by a need to be closer to two major markets (as is the case of Borg Warner which, in Albury, is about half way between the motor building plants of Sydney and Melbourne) or by the fact that cheaper labour was available in other areas.

The government has spent, or is committed to spend, \$447m. in assisting industries being established out of Sydney and claims that, as a result, some 70,000 people have been kept in employment out of the metropolitan area rather than drifting into it. But the population of Sydney is still growing by 60,000 a year, placing enormous pressures both on employment availability and city facilities in general.

Last year, the State govern-

ment established, as statutory bodies, nine regional authorities aimed at both fostering regional development and taking strains off central government. Now, it is planned that whole government departments are to be moved into these regions—the state mapping authority is to be moved to Bathurst (this involves 300 people and their families). And, more important, the state has also begun to designate what it calls growth areas to complement the regional developmental plans and, it is hoped, take some of the pressures off Sydney.

In addition, the Albury Wodonga area—two cities on the border of both NSW and Victoria—have been designated as national growth areas by the Australian Government as part of its decentralisation plans.

The need for faster action is clear. By the end of this century NSW will have a population of some 7m. people, and unless there is a radical change in population patterns, 5m. of them will live in Sydney, already an overtaxed sprawling city, that suffers from pollution, inadequate public transport and a lag in education spending; indeed it is a microcosm of the problems that Australia as a whole currently faces.

To encourage industrial development, the state has embarked on a programme to increase its power resources, by contracting to buy natural gas from South Australia, and ex-

tending its electricity generating stations (which already generate 8,000 megawatts, or one third of Australia's electricity) to produce 9,700 megawatts by 1976.

But if the decentralisation plans have been given a boost by the new federal government, it is argued by state government politicians and some senior civil servants that pretty well everything else the Australian government has done has been disadvantageous. Many products conceived overseas (and the state makes constant efforts to promote itself in Europe and America) have suddenly foundered because foreigners are uncertain about Mr. Whitlam's future policies, or were priced out of the market by the 25 per cent deposit scheme in incoming capital.

There is suspicion in NSW over plans by the Federal government to extend its influence within each state on the basis that, as Canberra is putting up money for most of the public services and developments, it should have a say in how it is spent. So, the offer by the Federal government to take over ailing railway systems has not been enthusiastically received by the NSW government. Nor is the State overjoyed at the prospect of the Federal government taking tertiary education or sticking its ministerial oars into stopping motorway projects and major

redevelopment schemes in the hearts of cities.

Further, NSW particularly feels the pinch of the current overemployment situation and the prospects of an increased labour shortage as a result of the federal government making cuts in the immigration programme. It becomes more and more difficult for the state government to promote NSW as an industrial base overseas in these circumstances.

## Rural industries

It would be wrong, however, to consider NSW only as an urban manufacturing society. Its rural industries are significant nationally and, like others, they have suffered in the past few years but now appear set to flourish in the wake of increased wool prices and rains that suggest the wheat harvest will be a good one this year. But the inroads into rural production have been such that farmers are no longer the significant factor in the state's economy but playing a secondary role to mining and manufacturing. NSW now produces around 68 per cent of Australia's black coal, 90 per cent of its asbestos and more than 60 per cent each of its rutile, lead, and zircon. Miners have begun to fall foul of conservationists who have a powerful lobby in the state and play a significant role in blocking major new developments such

as the Clutha plans for a multi-million dollar coal plant at Coalcliff, south of Sydney.

A recent electoral boundary redistribution will ensure that in the coming State election the Liberal-Country Party coalition will be returned, unless there is a massive swing against it. Yet, mindful that such things are possible, Sir Robert Askin's government has been stressing the facts of growth in the state, and the problems of living with a federal government that will insist on playing a greater part in state affairs. He has also begun to engender a mood of economic nationalism within the state, just as Mr. Whitlam has done with Australia in relation to the world. Best of all, his payment has at last begun to induce laws to protect consumers. But what has not been accepted is the fact that irrespective of which government wins the NSW elections, it is no longer possible to continue running the state as an entity of its own, even though it may constitutionally be one. The fact that NSW is the major industrial centre, a significant mining state, a major rural producer and possessor of the finest opera house in the country is no longer of primary importance. What really matters is determining its future is the relationship between state and Federal leaders. So far it has been one of compromise and no one has benefited.

## Victoria's new concerns

By MICHAEL SOUTHERN

Victoria became a favourite spot for foreign investors in Australia during the long and conservative rule of Sir Henry Bolte. Some 15 of the country's top 20 companies, mostly foreign owned, have their headquarters there, while its financial set-up is considered to be very much ahead of Sydney's less conservative groups. Sir Henry, now retired, will be remembered for the office something like 40 per cent of the foreign capital that came into Australia went to Victoria.

Now he is gone from the political scene, and has been replaced by the younger and progressive thinking Mr. Dick Hamer whose elevation to leadership of the right wing Government (and subsequent election win) dashed any hopes that the Left has for governing the state. Hamer is in some respects in the mould of Mr. Whitlam; he is one of the few Premiers Mr. Whitlam will listen to and one of the few with whom there has not been a slanging match of some sort.

As Sir Henry was obsessed with development, Mr. Hamer has shown a greater concern for life style in his state and appears to want a balanced development between industrial development and the quality of life. He has, for instance, cancelled a 307-mile freeway programme and the \$4700m. it will save will go into public transport and arterial roads. And while Sir Henry went abroad seeking funds for Victoria, the state has now begun what appears to be a new policy of seeking both foreign funds for Victoria, and opportunities in both Asia and the EEC for Victoria's industry to invest.

Already, there have been some significant industrial connections made in South-East

Asia and China by a Parliamentary delegation. It is now expected that the Victoria Promotion Committee offices in Europe will be upgraded to a status similar to the federal commercial representatives abroad, and new offices opened in important centres.

The search for foreign capital is currently hampered by the Australian Government's policies which restrict capital inflow, particularly through the 25 per cent deposit plan. So far, Victoria claims it has not noticed a significant let up in investment but it may be that the statistics it has available do not yet show the drop.

## Charmless buildings

The Victorian economy survived the slump of the last few years fairly well. Much of this was due to the acceleration in home-building and property development that has transformed the central business district into an area of tall, office space. It survived, too, with the upswing in rural industries as a result of both rising prices and more favourable seasonal conditions. Victoria's primary industries in 1971-72 produced goods worth \$1,064m., about a quarter of the national total. The state still remains the major dairy area for the country and the most significant grower of dried fruits. Once faced with a severe drought as a result of British entry into the EEC, both industries are now more confident of their future, though the dairy industry still has serious problems.

The state is not endowed with any significant onshore mineral wealth, and so did not gain directly from the mining upswing. But discoveries of vast oil and gasfields offshore, in the

Bass Strait, were important. Already, natural gas is being pumped by Victorian industry and exports of liquefied gas are being made. The oilfields have been producing 53 per cent of Australia's crude requirements, and a new field, of some 200m. barrels has been declared commercial and a multi-million-dollar development plan begun.

Manufacturing industry in that state produces goods worth in 1968-69 (the latest figure available) \$2,541m.—about a third of Australian manufactures. Victoria has become a major centre for the motor industry and for heavy engineering.

As with New South Wales, however, Victoria suffers the problem of a too urban society. Sixty-nine per cent of its 4m. population live in and around Melbourne, a city whose suburbs continue to spread in all directions. Decentralisation has become the key policy, through the creation of growth centres. In co-operation with the Australian and New South Wales Governments the border towns of Albury and Wodonga will grow into a city of some 300,000 people. Mr. Hamer's Government recently announced a 10-point plan which divided the state into 10 regions, each with their own capitals, and through which State Government functions will be decentralised. Industry will be given positive and direct financial incentives to move into these areas—these include a rebate on payroll tax which the state governments administer.

In spite of previous efforts to decentralise, it is too early to see just how successful the Hamer scheme will be. For, as they found with the \$430m. port project at Portland, 226 miles west of Melbourne, industry is reluctant to move. Just why this project has not succeeded is

difficult to understand. A deep-water port was created and, among other things, it was estimated that some half a million bales of wool would be shipped through the port, and that this region would become a centre for wool and textiles, as well as heavier industries. Sir Henry Bolte called it the focal point for the western sector of Victoria. It has so far attracted a picture frame factory, a manufacturer of hypodermic syringes, a workshop that makes jeans and its lagging meat industry continues to function. It is said that one reason for its failure is the reluctance of the foreign-owned cartel of shipowners to use the port. They have centralised on Melbourne, and pay to have the wool from Portland area sent by surface transport for loading onto the ships in Melbourne.

## Steel making

The other major industrial development area, Westernport, has also run into troubles mostly from conservationists. It is an area set aside for heavy industries that require good harbour sites. The first stage of the BHP-Guest Keen and Nettiefields \$1,000m. steel making complex is in production, and some oil refineries are there. But its effects on the environment of a once peaceful fishing and holiday area have been such that development has been frozen pending a major report on environmental matters and the development of recreational facilities.

To provide open space for the people of Melbourne was once an important function of Westernport. Now, described as a future Ruhr of Australia, it is currently more of a headache for officials trying to plan a balanced ecological development.

## Upturn for Tasmania

By ROGER LUPTON

A new national Government, improved world commodity prices, the birth of a multi-million dollar woodchip export industry and the opening of Australia's first legal gambling casino have conspired to produce a marked change in the economic outlook of the smallest state.

Tasmania's relatively tiny population of less than 400,000 and its island isolation from the mainland have insulated it from the boom conditions which often impel the economies of the other states.

Its dependence on farm exports, the fortune of a handful of big manufacturers, world metal prices, costly and sometimes unreliable shipping and on the generosity of funding by the national Government have sometimes provoked a defensive approach to development from leaders in both the private and public sectors. But there is evidence that recent events may have dispelled this defensiveness for some time to come.

The optimism generated by the election of a Labour Govern-

ment in Canberra is due partly to the fact that for all but three of the past 24 years Tasmania has seen a State Labour Government dealing with a Federal non-Labour Government.

The optimism is mingled with a certain amount of fear engendered by the National Labour Government's undiluted belief in centralising financial administration.

This fear was made palpable earlier this year when the Australian Grants Commission (the body which calculated the amount of special financial assistance needed to maintain public services at a similar level to those operating in the mainland states) displayed tough-minded and even aggressive attitude towards the State Government's attempts to justify its spending policies.

On the other hand, the Australian Government's centralist offer to take over the state's dilapidated railway system, which runs a debt of up to \$46m. a year, could prove an immense benefit—especially if it involves a rehabilitation

programme and the injection of millions of dollars from outside the state.

At present the railways loss is made good by the Grants Commission, but this may not always be so. In addition the state's attempts to secure some degree of viability for the service has forced an unwieldy and costly system of restrictive licensing on the railway's road transport competitors.

## Woodchip exports

If the negotiations for the take-over are successful it is possible that part or even the whole of a debt of more than \$420m. incurred by the previous State Government in building a rail link to a northern shipping port handling woodchip exports to Japan might be written off. Any cut-back in money made available to the State Government because of the new National Government's centralism may be more than compensated for by a proposal to make direct capital grants to local government authori-

ties and by policy of injecting large amounts of developmental money into selected regions outside the major population areas.

In Tasmania the region singled out is the Tamar River Valley in the north of the State which is close to a well-equipped deep water port and has the political advantage of being located in the electoral district of the Australian Deputy Prime Minister, Mr. Lance Barnard, and of his nephew, the Tasmanian Minister for Planning, Mr. Michael Barnard.

The new National Government has also made an election promise to do something about removing the freight disadvantage Tasmania suffers because of its separation from the mainland by the waters of Bass Strait—a disadvantage a recent Bureau of Transport Economics survey claimed was a factor inhibiting industrial development in Tasmania.

Special assistance in this regard seems certain to be accompanied by some rationalisation of the State's seven major ports.

Continued on next page



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# Change of emphasis in South Australia

By MICHAEL SOUTHERN

While most of the Australian states have been looking overseas for new investors to establish industries or develop resources, the South Australians in the last year have switched their emphasis to seeking investment from other Australian states. Historically, there is good reason, as most of the industries that are already established in South Australia (there are some exceptions) are subsidiaries or production extensions of companies already operating in Sydney and Melbourne.

And, while the present National Government's policy of curtailing foreign investment continues, it is clear that the states looking overseas can offer little real inducement in the short term. The South Australian attitude has shown results in smaller groups like Levi Strauss, jeans makers, switching all production from Sydney to Elizabeth, a satellite of Adelaide. Other companies, with a little encouragement, have expanded existing facilities.

## Few minerals

Unlike the other States, South Australia has few natural resources. Its minerals are limited, its location is remote from Sydney and Melbourne, but it does have some advantage in being half-way between the Eastern States and Western Australia. It has no container ports, but does have a manufacturing base with the BHP installations and the shipyard at Whyalla.

In its North-Eastern corner, of the Australian workforce.

the oil and gas discoveries on the Moomba and Gidgealpa fields have provided an energy source which will both serve other States (New South Wales has made arrangements to take this gas for the Sydney-Newcastle-Wollongong region) and for the proposed industrial growth of South Australia itself. One possible development is a \$A300m. petrochemical plant by Dow Chemicals. The State has a list of "desirable" industries, and is pursuing them. Most are extensions of those which already exist — white goods (washing machines, refrigerators, etc.) Motor cars (General Motors and Chrysler have major production plants in Adelaide and with the steel oriented industries form the industrial base for South Australia) and food processing (as an extension of primary production).

The policy is to get more textile based groups, producers of rubber goods, motor accessories and plastics into South Australia. Some measure of this success can be seen in the major developments of the first six months of 1973, with the establishment of a company to make aluminium light poles, an expansion programme by Chrysler, a new oil refinery to be built by Mobil at a cost of \$A40m., an extension of Coca-Cola plant and a multi-million dollar wool processing plant. The emphasis is on clean industries and those which will create some employment opportunities. It is a constant feature of South Australia's promotion that the State has a good industrial record with ten per cent.

## Wage restraints

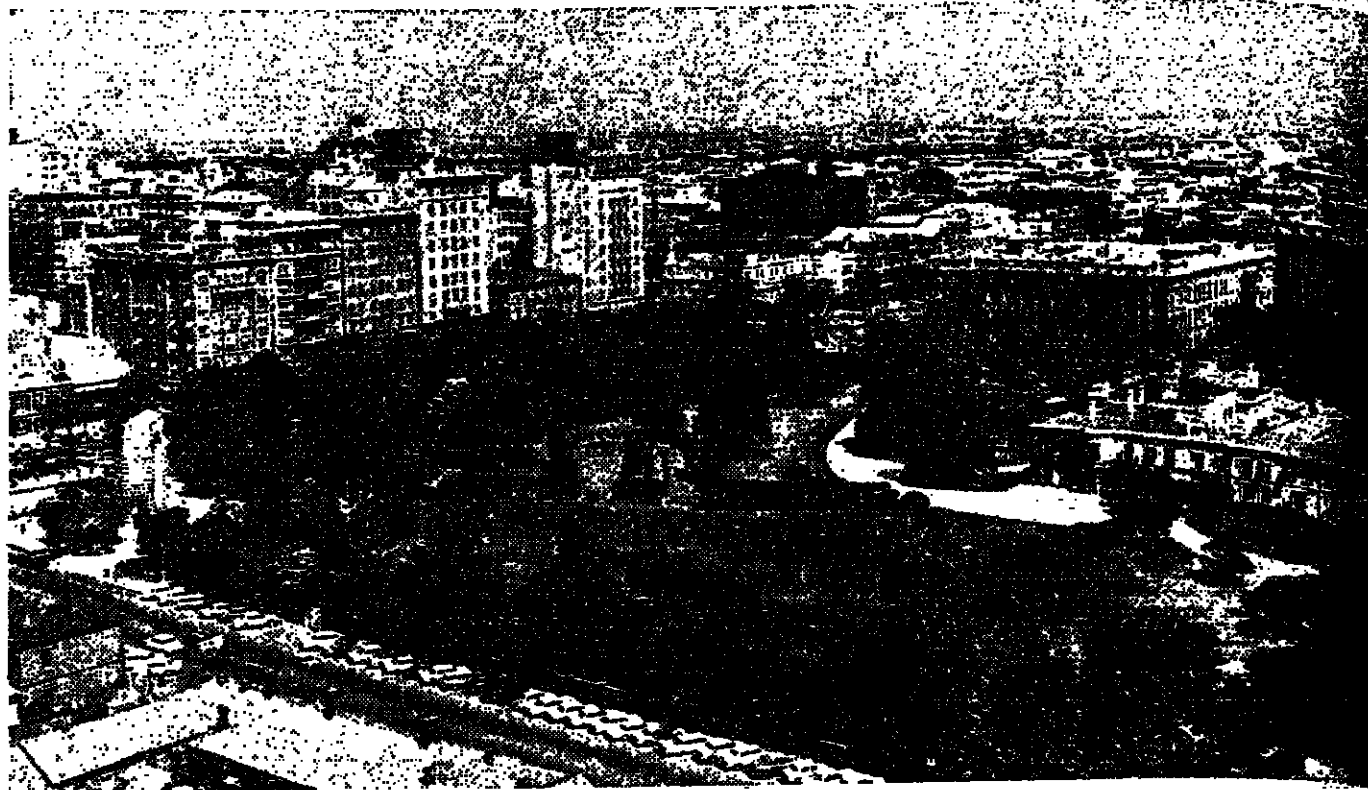
There has clearly been a change of emphasis in development thinking under the Socialist Premier Mr. Dunstan who has stated two objectives to make South Australia attractive to business and retain its traditional advantages of lower wages and a stable workforce, and to make it "the best State in Australia in which to live." Paradoxical? Yes. Wage restraints exist because the South Australia Government is the only one to exercise price controls and maintains some downward pressures on land prices. It is the only State to stand up to the currently serious problem of rising doctor's fees.

But Mr. Dunstan's idea of South Australia becoming the State in which people want to live is beginning to work. Adelaide is a pleasant city, it is relatively pollution free, and there has been a growth of liberal thinking in this State that

has left the rest of the country far behind. Above the real need for industrial development, there lies a blanket of culture in its proper sense, and Mr. Dunstan plays on this. His aim is to make South Australia a centre for artisans and craftsmen on the personal level, and, on the industrial level, the centre for technology.

While the manufacturing end of South Australian industry may well run into problems as a result of tariff cuts and the possible end to export incentives, the rural sector has recently seen a revival due to better seasons and rising prices. The wine industry, which produces some 70 per cent. of Australian wines, is looking for further growth with new plantings and, because of the injection of capital now that big companies like Reed Consolidated have bought in, extensions of wine-making facilities. Wheat farmers are expecting bumper crops this coming season and, as with other States, the wool growers have seen great benefit from the price rises.

One of the industries which the State has wanted to develop for some time is tourism, and the first major step came in August of this year with an announcement that a casino will be permitted. The location is not fixed, but indications are that it will be sited in an area probably outside Adelaide where the gambling facilities can be used as a magnet for travellers from both inter-State and overseas and justify new hotel development and other facilities.



Adelaide's square-mile business centre which is separated from the remainder of the city by parking

# Constitutional changes for Northern Territory

By KENNETH RANDALL

The advent of the Labour Government in Australia towards the end of 1972 signalled the beginning of a period of fundamental change for the Northern Territory.

Not all of it has been welcomed by the Territorians, nor is it likely to be in the future. But the Government is now firmly committed to a series of constitutional changes along

lines long demanded by the Territory's crux and fiercely-independent people of the Territory.

In his initial reorganisation of the machinery of government, the Prime Minister, Mr. Whitlam, created the first separate Department of the Northern Territory based in Darwin and replacing the former colonial-style administration which had been answerable to the Minister for the Interior.

The position of administrator in effect, been allowed to lapse with the powers of the office devolving to the permanent head of the new department Mr. Alan O'Brien. And, at its 1973 National Policy Conference the Australian Labour Party committed the Government to the creation of a fully elected legislative assembly on the lines of a state parliament, by the end of 1974.

The areas in which the new legislature (replacing a part-elected part-appointed Advisory Council) will have final authority have yet to be decided and present a thorny problem for the Minister for the Northern Territory, Mr. Keppel Enderby, who doubles as Minister for the Capital Territory (Canberra).

## Full statehood

Mr. Enderby, before the change of party policy in favour of a form of self-government, had expressed the trenchant view that full statehood for the Northern Territory would be madness.

Certainly, "on economic judgments the view is hard to dispute. More than \$A500m. a year has to be pumped into the territory economy directly from the Federal Exchequer each year despite the progressive raising of per capita tax levels towards the level existing in the rest of Australia.

The Territory's population growth rate, at 1.5 per cent, is well over four times the national average. The total population, 93,000, is remarkably young—63.5 per cent under 30, 20 per cent of the total is of school age. The structure and growth rate of the population alone indicates the continuing heavy pressures

for spending on social infrastructure.

Just as important in this respect is the Territory's very large Aboriginal population—about 24,000—for which the new Government has accepted special responsibility in many areas of social advancement and welfare.

The more militant leaders of the Black Community have, in particular, been concentrating on the Aborigines' rights to traditional land, even when, as recently, it is now four-square in the centre of urban areas like Darwin. Mr. Justice Woodward, of the Australian Capital Territory Supreme Court, is conducting an inquiry on behalf of the Government to a legal formula which would make some form of Aboriginal land rights practicable. But the issue is likely to remain a contentious and divisive one for a long time.

The constitutional future of the Northern Territory is further complicated by the Governmental structure Mr. Whitlam created for his Government, causing what Territorians regard as "fragmentation of functions" (though Mr. Whitlam and Mr. Enderby choose to describe it as "specialisation").

The Minister for Aboriginal Affairs, for example, has complete authority in that field, taking over the welfare functions of the former administration. The Attorney-General carries responsibility for legal matters and the police. A new Minister for Northern Development has primary responsibility for the beef industry. And there are other incursions into Territory affairs by the Ministers for primary industry, tourism and recreation, minerals and energy, environment and conservation.

Some extent, every other member of the Federal Cabinet. The overlap of responsibilities, plus the new Government's sharp change of policy in the field of minerals development, have had dramatic results in the Northern Territory. The most obvious affects the vast uranium discoveries in the Alligator Rivers region.

Not only is the Government reluctant to see such a vital energy resource exploited on any significant scale before it carries out the most detailed process.

study of domestic needs in world market trends; the concerned is also being fought over for several other reasons. An area of special natural beauty and unique logical qualities, it is being protected by environmentalists, national park and by local authorities for development along their lines. In addition, large Aboriginal groups have a traditional claim to the land and there are strong pressures to make all of it an Aboriginal reserve.

## Mining licences

At present, none of the uranium discoverers holds current exploration or mining licence, though this does not automatically affect their right and at least one company, Queensland Mines, has been assured that it will, in course, receive the necessary authorities. The terms and conditions of any uranium development will, however, be different from what was previously expected.

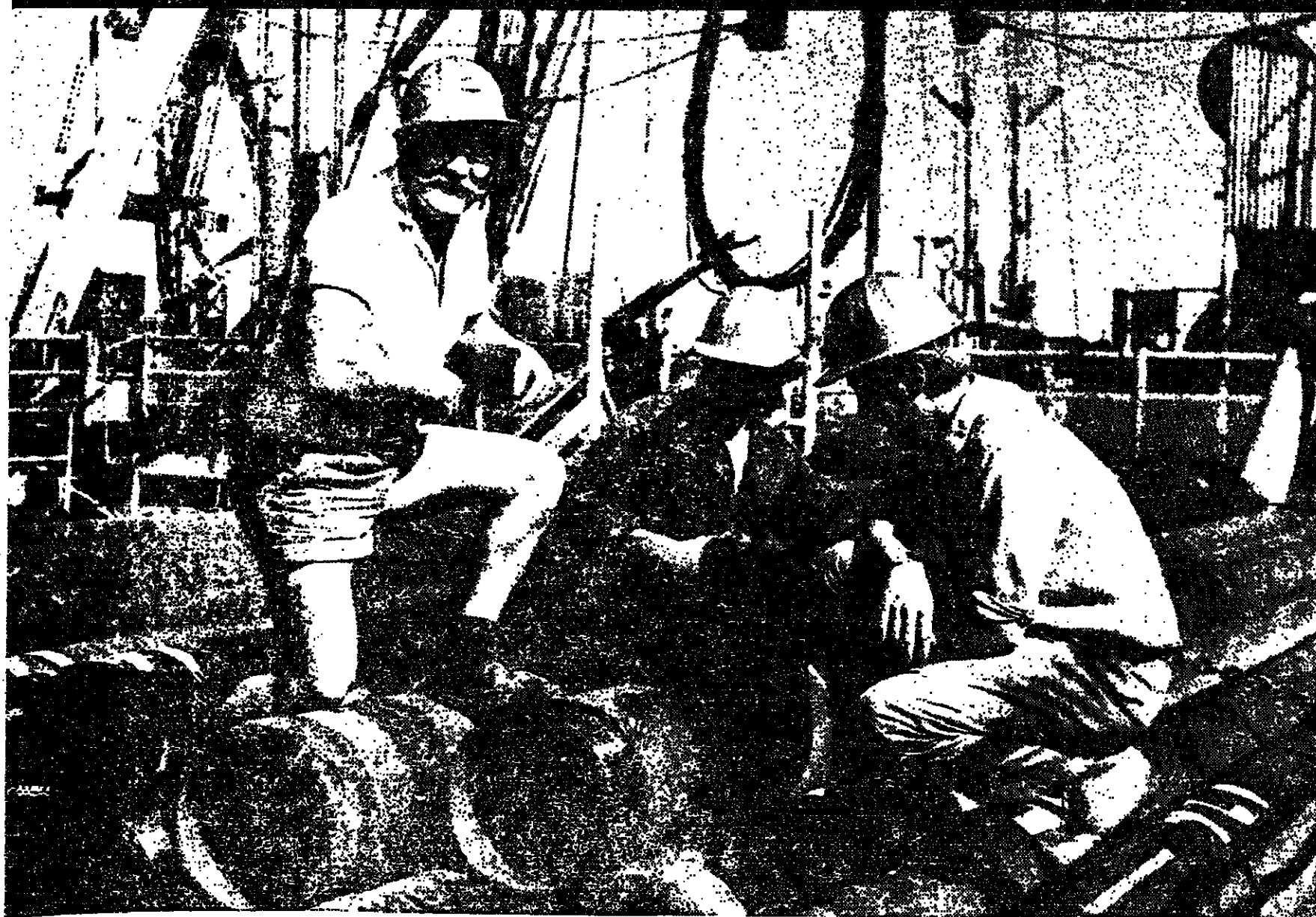
Mr. Enderby sees beef production, minerals and tourism as the main preps for future economic development, just as they have been in the recent past. Of the three, beef, the burgeoning international market, is the brightest prospect. Mr. Enderby, in line with Government policy, has been a strong advocate of opposition further freeholding of both rural and urban land but this does not appear to be any deterrent to beef development. The area of freehold land has in fact, been falling slowly for several years—21,000 acres in the past five years.

Mr. Enderby says the process will continue. He is at present resuming, as well, some land holds on which the lessees do not meet the minimum development requirements. "This neither ideological nor new policy change of policy in the field of minerals development," he says. "We are determined to make the use of resources."

That same proposition is the starting-point for practical development planning for the Northern Territory under the new Government but its translation into practical terms seems certain to be a long and complex process.

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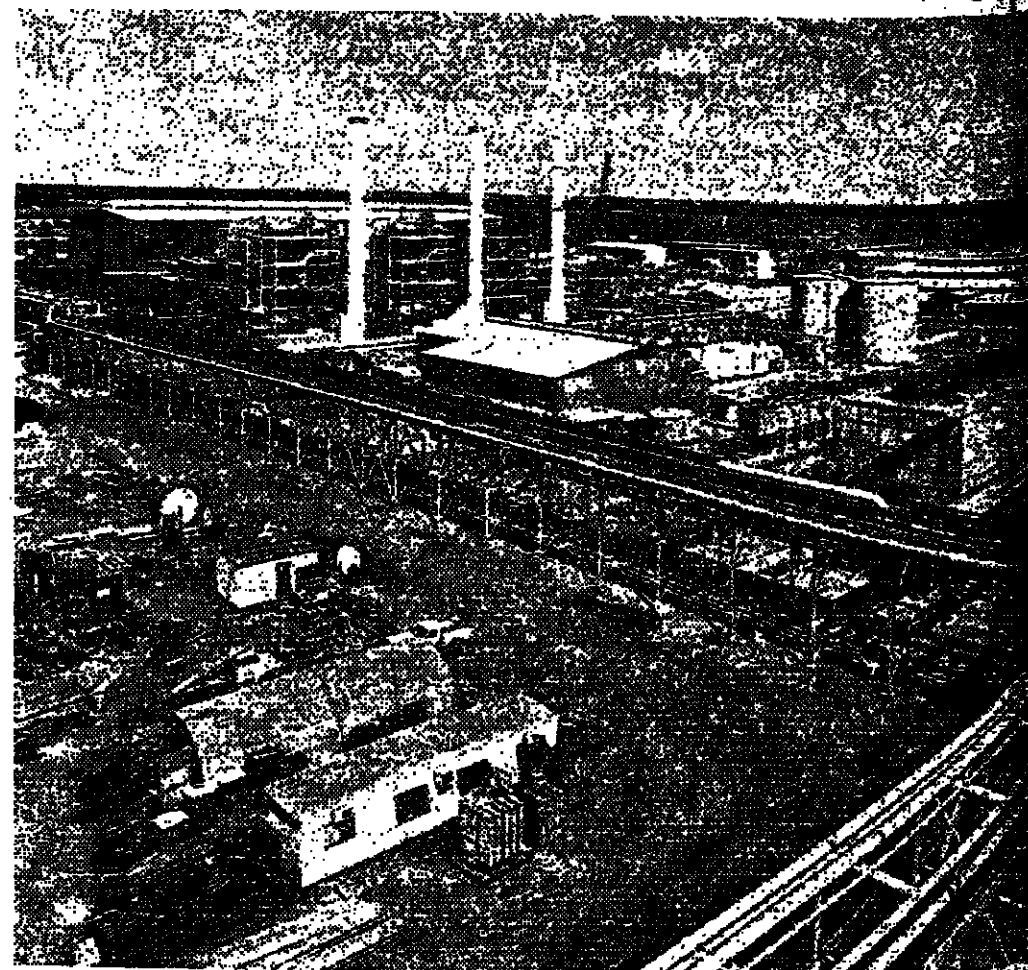
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### HOTELS—Continued

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Mr. Dec	Stephen J 13p	60	4.8	bd42	2.0	3.5	14.2	May	Oct.	Kitsun's	84m	13.8	\$10.6	2.7	4.5	11.8
Feb	Simon Dr 10p	101	14.9	ah153	4.9	2.2	14.6	—	—	Rivford 30p	112m	13.8	\$27.2	0	5.0	0
Mr. Feb	Sam 20p	58	4.6	315	1.9	7.3	10.3	Jan.	June	Lard Group	6812	30.4	68.2	3.6	4.4	8.7
Apr.	Trator	48	26.3	ah153	3.0	4.6	10.5	May	Dec	Lake & Elliot	61	2.7	17.1	1.7	1.2	11.6

[illegible]



## INDUSTRIALS—Continued

## INDUSTRIALS—Continued



## THE LEX COLUMN

## Theoretic returns in equities

It is apparent that trying to use yield comparisons to draw conclusions about security prices on short-term view—say a year or less—is a futile exercise. But it can be helpful to take bearings from time to time over the long haul picture: it certainly was in the early fifties when it progressively built up its holdings of equities from very roughly 12 per cent to 24 per cent (at cost) by the early sixties. Thanks to this, the market of its portfolios are mortgage rate of say 12 to 13 per cent is precisely the had in fact anticipated what may be thought of as the post-war revaluation era of equities against fixed interest securities.

As the realisation spread that in an inflationary age it would fixer interest securities that offered the high risk and not equities, so first the dividend yield gap (1958) and then the earnings yield gap (1968) closed and reversed. There was a parallel development in property yields which was not however muddled by

the consideration of earnings by the Actuaries Industrials 4 per cent, minus the inflation effect, plus the rate of inflation. On the rough basis of current cost accounting the inflation effect has been calculated to knock something around a quarter of the average company's reported earnings so that assuming an inflation rate of say, 8 per cent, the theoretic return emerges at 14½ per cent. The fact that the return so calculated turns out to be higher than the going long gilt yield does not, of course, have any implications about the price relationship between gilts and equities: for one's long term rate of return is bedevilled by the security happens to be standing on a yield of 6½ per cent, instead of 4½.

Nonetheless we have seen the institutions chase property yields down until the gap with fixed yields seems to equal the inflationary expectation. We have seen them more recently turning to the property companies themselves, which seems quite logical in terms of both price and the trouble of

assembling property portfolios. So if equities appear to offer value with a slight edge over properties at current prices, it would be quite logical, for these same reasons of price and the trouble of acquiring holdings in bulk, for the institutions to interest themselves in strategic stakes in public or private companies, financial or industrial.

**Norwest Holst**

The interest in the Norwest Holst accounts lies in the motives of the consortium which has accumulated nearly three-tenths of the equity. Published net worth, two-fifths below the 125p share price, is no help but development land at cost (24½m) takes up over a quarter of group's capital employed: it includes space for perhaps 4,000 housing units and some of the land has apparently been held for a long time. In addition, the unquoted trade investments (£12m) include a sizeable development in Birmingham; and for what it is worth the

consortium—which picked up its shares at an average 100p—claims that its sums put the net worth well above the current share price.

As for profitability last year's 11m took in the building strike plus losses on local authority building which ran well into six figures and should now be over. The scope for improvement here is evidenced in the fact that the private housing division may be running at very roughly 1,000 units a year and represents less than a third of group turnover. Anyway this year's forecast may imply something like 12m overall.

Meanwhile, Norwest's hostility towards the consortium is not just confined to the chairman's statement. Between March and July, the Board acquired a further 412,000 shares at an average price of 121p—well within sight of the all-time high—and claims to influence about two-fifths of the equity. For the outsider, the speculative risk is cushioned by a prospective p/e of perhaps 12½ fully diluted.

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The rise  
and fall  
of modern  
economics

BY JOE ROGALY

THE AGE of the ascendancy of the economic witch-doctors is over. This blessed turning point is recorded this morning with the publication of the fourth edition of Sir Eric Roll's "A History of Economic Thought" (Faber and Faber, £4.95).

It is nearly 20 years since the appearance of the third edition (the book was first published in 1938), and so it might be said that this continuing work by Sir Eric has coincided with the rise of economic practitioners of the inexact science—to their erstwhile status as the indispensable grimacing medicine-men of modern society, followed by their present embarrassment as more and more of us unmask them when we discover that throwing the bones is not a good way of finding out how to increase the happiness of mankind.

## Heady time

It was a heady time while it lasted. As Sir Eric records: "For some 30 years after the appearance of Keynes' General Theory, the status of Economics, largely of the kind associated with his name and general approach, increased steadily until it reached a position of authority, both as a branch of social science and as a tool for the better ordering of human affairs, unparalleled in its history and unequalled by any of the other of the non-physical sciences."

In consequence, the denouement—what Sir Eric calls "The Age of Doubt"—and the beginning of the recession of the tide is particularly dramatic.

## Questioning

Sir Eric postulates a number of reasons for today's "Questioning of the new orthodoxy"—developed from Keynes—and the "erosion of its authority in the world of action."

He finds that the answer must come, primarily, from "dissatisfaction aroused by the system's declining ability to cope with practical economic problems."

This has manifested itself, in recent years, in the monetarist school's "counter-revolution," the wrecking of the Bretton Woods mechanism for regulating international payments, demands for an incantation, disquiet about pollution and the environment and questioning about the value of economic growth itself.

"Finally," writes Sir Eric "doubt has been expressed whether Economics as a whole is concerned with the right problem."

Now the tone of Sir Eric's new concluding chapters is not that of a man who believes that economics has had its day, or at the very least of a wit-doctor with forthwith to be dismissed, to swell the ranks of the unemployed whose problems they have in recent years been so singularly ill-equipped to solve. The author of "A History of Economic Thought" is clearly not that disillusioned.

## Disappointment

If others are to avoid a more severe disappointment, the lesson of the contemporary history of economists' practice needs to be learned. At bottom, it is this: There is no such thing as a "science." Prescriptions for governing the behaviour of mankind are qualitatively different from, and inferior to, the formulas devised, tested, and proved in the laboratory by students of the physical sciences.

The more that any single social study is advertised as a "science" capable of producing answers—as has been the case in economics—the more likely are its practitioners to fall flat on their masks.

There certainly is a case for inter-disciplinary rational inquiry into the problems of society, combining economics with for example, social psychology, but those of us who believe this to be a path worth pursuing, would beware of a future in which a new corps of sociologist-witch-doctors foists on the world a new set of rules, the mistake made when was taken in by the economists.

## Non-union labour issue is new threat at Chrysler

BY PETER CARTWRIGHT

PLANS FOR a full-scale resumption of work at Chrysler U.K.'s strike-hit Coventry engine plant were thrown into confusion yesterday after it was learned that management had drafted in non-union labour to do work normally done by striking electricians.

The millwrights' action has added a new dimension to the pay and status strike by 158 electricians, now in its fourth week, which has been officially recognised by the Electrical and Plumbing Trades Union. Previously the millwrights had been refused to cross picket lines, or 2,400 other workers.

It is not clear whether they are giving belated support to the strikers—as the electricians claim—or are acting on their own. Most of them are members of the Transport and General Workers' Union.

A meeting of the entire 5,200 labour force has been called today to try to sort out the confusion.

A sidelight on the situation at Stoke is that the men have been prepared throughout to allow supervision to maintain complete standards.

Whether the millwrights, who are even more essential than the electricians, will remain out has to be seen.

Assembly at the nearby Avenger car plant at Ryton halted quickly when the strikers' colleagues stayed away in support of the electricians. It only resumed when they returned in the middle of last week.

The chief loser is Linwood, Scotland, which relies on Stoke for supplies to make Hunters and Imps, and where 4,400 of

the 7,000 labour force are now idle. They were expecting to be recalled later in the week. It was clear, after Friday's overwhelming vote to lift "blacking" at Stoke and to return, that the electricians were being left to go it alone.

Although the strike is official, no one has had any strike pay, amounting to 80p a day, not even the 158 electricians, who are not on any social security benefits, according to Mr. W. Goldstein, their convenor.

On the other side of Coventry Jaguar is concerned about "E" type sports car production, on the verge of being stopped by a strike at Advers Engineering, Reading, which supplies power steering units. Saloon models will also be involved, if the strike continues.

**Job mobility**

Also in Coventry, 43 Triumph production schedulers who walked out on Friday over a job mobility dispute were back again for talks and output was resumed.

In Birmingham 330 press operators at the Austin Morris body plant at Castle Bromwich, whose strike has halted Mini car output at Longbridge, have been summoned to a meeting today. They were not due to meet until Thursday. Their strike, in its third week, has made 1,250 idle at Longbridge and another 2,500 at Castle Bromwich.

The operators came out after refusing to accept a solution to their manning problems, arrived at by their shop stewards with management. They rejected the advice of full-time officials of the Municipal and General Workers' Union to return.

## Building and engineering pay beating Phase Two limit

BY JOHN ELLIOTT, LABOUR EDITOR

THE GOVERNMENT has failed to implement a key clause in its Phase Two counter-inflation policy White Paper which would have given the Pay Board power to operate regular checks on wage levels in engineering factories and on building sites.

Wages being handed out on construction sites are known to be escalating far beyond the Phase Two 11 plus 4 per cent limits, with earnings rising to over £100 a week for some craftsmen.

It is also generally assumed that some engineering factories with piecework schemes are also exceeding the limits.

The White Paper clause which would have opened the way for regular checks says: "Orders or notices will be made at a later date, after the Board has received additional notification arrangements covering, for example, large construction sites and the operation of payment-by-results schemes."

When the Phase Two policy was being launched by the Government five months ago, Ministers and their advisers were

pointing to this paragraph as a major weapon in their armoury aimed at checking local pay spirals which could lead to inflationary wage drift.

It was assumed the Government would take the necessary measures within weeks, ordering building and engineering concerns over a certain period to notify the Board of their pay levels at regular intervals, say, every three months.

**Information**

Now, even though there is still no regular and effective check on construction or engineering wage levels, the Government appears to have no plans to issue any orders or notices before the end of Phase Two.

This is said to be partly because the Pay Board has not asked for any such action. It may also be because Ministerial advisers could not produce a scheme which would have provided reliable information.

For its part, the Board is thought to believe it has all the useful information it could deal with at present, and also that

checks it is operating under other sections of the White Paper are sufficient.

Specialist Board staffs visit factories operating piecework schemes when main pay deals are notified, to ensure that the main increases together with any piecework rises do not exceed 11 plus 4 per cent. This still leaves a vast area of payment-by-results schemes unmonitored.

On building wages, the Pay Board and Prices Commission together operate a special Construction Panel which, up to now, has not provided any advice on what information could usefully be regularly notified.

Until such advice is received, it seems unlikely there will be any fresh Government or Pay Board initiative.

The situation may change, however, with Phase Three when the Board might have to be given information regularly. This would both reduce the amount of time Board staff spend vetting engineering pay in individual factories and would also provide some details of building wage levels.

## Opinion poll 'bad news' says Prior

By John Bourne, Lobby Editor

THE DETERMINATION of Ministers to devise an effective Phase III to the Prices and Incomes policy, and their anxiety to see an end to the rise in world commodity prices, will be increased further by the latest findings of National Opinion Poll published yesterday in the Daily Mail.

This showed that support for the Liberals was now 27.6 per cent, compared with 28.8 per cent for the Conservatives and 41.7 per cent for Labour.

Further, 61 per cent of those questioned expressed dissatisfaction with the way the Government was running the country; their main complaint was rising prices.

Mr. James Prior, Leader of the House of Commons and deputy chairman of the Conservative Party, argued in a radio interview yesterday that this single poll "was bad news but not a disaster" for the Government.

He put the blame almost entirely on rising prices, although he said the public had not realised that since the prices and incomes policy was launched last November, Britain's rise in living costs was probably one of the lowest among countries in the Western world.

Mr. Prior also questioned whether public opinion, despite a bad press, had really swung as sharply as the NOP poll had suggested. "Given a fair wind and more stability in world prices," the Government should be able to recover public favour, he said.

## Tough fights

He also thought that the Liberal rise in popularity—from 14.3 per cent in June to 27.6 per cent when the poll was taken, between August 7 and August 15—was not surprising, bearing in mind their recent by-election wins over the Conservatives at Rintoul and the Isle of Ely, and also the publicity they have received in the Press recently.

"I don't believe that in such a short period people can seriously change their views as much as this," Mr. Prior claimed. "The Government would have tough fights with the Liberals at the two pending by-elections in Berwick-upon-Tweed and Hove, he added, but "We shall win."

According to NOP, over the last two months support for Labour has declined by 2.3 per cent, compared with a drop of 10.4 per cent, in support for the Conservatives. At the General Election in June, 1970, the Conservatives polled 48.2 per cent, Labour 31.7 per cent, and the Liberals 7.7 per cent.

Continued from Page 1

## U.S. letter-bomb blast

getting their hands blown off. "Do not take the attitude 'we do not want to trouble the police'," they stressed.

Scotland Yard issued the following guide for opening post:

1—Watch for envelopes about 8 inches, addressed in handwriting, that look as if they might contain a thin book the size of an ordinary paperback.

2—Remember that the letter has travelled through the post and will not explode unless tampered with. It should be carried to a protected open space or a garage where it can be left or completely uncovered. No one should handle it until the police arrive.

3—Do NOT put it in water or cover it with sand or anything else. Confined explosives makes them more dangerous.

The bomb squad, under Chief Superintendent Roy Habershon, of the Royal Ulster Constabulary, has been troubled in strength to around 120 men and women. Between last Monday and midday Thursday they had dealt with some 1,250 calls.

Because of the general situation and the fact that no one had claimed responsibility for the letter bombs, Mr. Bond said it seemed those responsible were "runaway bombers" and suggested the IRA might have lost control.

Police cars equipped with loudspeakers will be continuously broadcasting warnings to people at the larger railway

## Strict Ulster security for Heath's visit

BY RHYS DAVID

SECURITY IN BELFAST will be at its strictest when Mr. Edward Heath, the Prime Minister, flies to-morrow for his two-day visit to Northern Ireland. All soldiers in the city will be on 24-hour standby.

After a week-end of sectarian violence in which four people were killed and dozens injured, the security forces will be watching carefully for any signs that extremists intend to mark Mr. Heath's visit with further incidents.

Mr. Heath will be heavily escorted by civilian and military police and Special Branch men, and people attending the memorial service to Lord Brookeborough in Belfast in the afternoon—the occasion for Mr. Heath's visit—will be closely screened.

The recent escalation in violence is likely to figure prominently in the discussions Mr. Heath will be having with the main political groupings during his two-day stay.

Though the Prime Minister is known to be anxious to use the visit to put pressure on the parties to maintain the momentum towards setting up a power sharing executive, they have all listed various items over the week-end with which they hope to occupy the talks.

Mr. Gerry Pitt, Social Democratic and Labour Party leader, said his party would express its concern over alleged army harassment, sectarian assassinations and the bombing of Catholic churches as well as raising once again the question of restructuring the police force.

A strong law and order line emphasizing the impossibility of setting up an effective government until terrorists have been defeated is likely to be taken by the Unionists, who will be seeking assurances that the British Government intends to back the Royal Ulster Constabulary in its present form.

The "Loyalist" Coalition representatives are likely to state their continuing objections to the new arrangements for Northern Ireland in what seems certain to be the most difficult interviews Mr. Heath will have.

The Rev. Ian Paisley, Democratic Unionist Leader, met Mr. William Whitelaw today to press for the removal of Mr. Hubert O'Neill, the Londonderry

coroner, after his attack on the army at inquests last week on the 13 victims of Bloody Sunday.

Mr. Paisley claimed at the meeting that Mr. O'Neill went beyond the rules governing coroners' courts in the Province in his remarks after the inquest when he denounced the deaths as murder. Mr. Whitelaw is thought to have told him, however, that he was satisfied that the inquests were held in accordance with the law.

Police to-day had no further leads into the deaths of the three men whose mutilated bodies were found after a garage explosion in Belfast on Saturday.

The men, all Roman Catholics, are thought to have received gunshot wounds and the supposition is that they can be added to the list of victims of the sectarian killers.

A Roman Catholic found dead in a house in Belfast over the week-end may have been "executed" by a Provisional IRA court. Another victim of IRA justice, a 37-year-old Londonderry man who was killed three weeks ago as an informer, was buried to-day two days after his waterlogged body was found in an abandoned car near the border with the Republic.

Three people were still in hospital to-day with serious injuries after the explosion of a 600 lb car bomb outside a North Antrim church yesterday.

One of them, an off-duty BBC film editor, has lost an arm. A plain clothes soldier shot in the Falls Road area on Saturday was also seriously ill to-day.

**PRICES OF SOME FOODS CUT BY LITTLEWOODS**

Littlewoods Stores has announced price cut on more than 50 food items.

Littlewoods stated that it would continue to keep prices as low as possible by absorbing the major part of any new cost increases.

Examples of the reductions are: orange squash cut from 14p to 12p; pork luncheon meat from 14p to 12p; canned soups from 5p to 4p; Swiss rolls from 9p to 8p; and boiled ham from 18p to 17p.

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## Weather

U.K. TO-DAY

CLOUDY with bright or sun spells. Mainly dry.

London, S.E. England  
Cloudy, becoming bright  
Wind variable light Max.  
(72°F).

E. Anglia, E. England  
Cloudy, bright or sunny intervals. Wind variable light Max.  
15C (58°F).

Cent. S. England, Midlands  
Channel Is.  
Dry, sunny spells. Wind N.W. light. Max. 23C (72°F).

S.W., N.W. and Cent. N.  
England, Wales, Lakes, L. & Man, S.W. Scotland, Glen  
Highlands, Moray Firth  
Dry, sunny spells. Wind N.W. light or moderate. Max. 18-20C (64-68°F).

N.E. England, Borders,  
Edinburgh, E. and N.W.  
Scotland, Aberdeen, Argy.  
Bright or sunny intervals  
Wind variable or W. light to moderate. Max. 16-17C (61-63°F).

Cathness, Orkney, Shetland  
Sunny spells. Wind W. moderate. Max. 14C (57°F).

N. Ireland  
Sunny spells, occasional rain later. Wind W. moderate. Max. 18C (64°F).

Outlook: Changeable.  
Lighting-up: London, 20.27  
Manchester 20.40, Glasgow  
20.55, Belfast 20.57.  
WSF

## BUSINESS CENTRES

	Y-day	Mid-day	Y-day	Mid-day	
Alexandria	23	28	Madrid	23	28
Amsterdam	23	28	Manila	23	28
Bombay	23	28	Montevideo	23	28
Buenos Aires	23	28	Moscow	23	28
Cairo	23	28	Nairobi	23	28
Calcutta	23	28	Paris	23	28
Colon	23	28	Rangoon	23	28
Hankow	23	28	Singapore	23	28
Harbin	23	28	Tokyo	23	28
Hong Kong	23	28	Yokohama	23	28
Kobe	23	28			
London	23	28			
Luxembourg	23	28			

## HOLIDAY RESORTS

HOLIDAY RESORTS					
	Y-day			Y-day	
	Mid-day	Y-day		Mid-day	Y-day
Alicante	C	23	Jersey	C	23
Algiers	F	24	Las Palmas	C	23
Barcelona	C	23	Li	C	23
Barrut	C	23	Lozoz	F	24
Bombay	C	23	Manila	F	24
Buenos Aires	C	23	Moscow	C	23
Calcutta	F	24	Nairobi	F	24
Cairo	C	23	Paris	F	24
Colon	C	23	Rangoon	F	24
Hankow	C	23	Singapore	F	24
Harbin	C	23	Tokyo	F	24
Hong Kong	C	23	Yokohama	F	24
Kobe	C	23			
London	C	23			
Luxembourg	C	23			
Madrid	C	23			
Manila	C	23			
Moscow	C	23			
Nairobi	C	23			
Paris	C	23			
Rangoon	C	23			
Singapore	C	23			
Tokyo	C	23			
Yokohama	C	23			

## Record High Rates to continue

Notice is hereby given that the rates of interest decreed announced in July will not now take place and the rates below will remain in operation until further notice.

	PRESENT RATE	GROSS YIELD OF INTEREST AT 30%
Subscription Shares	7.00	10.00
Higher Yield Shares	7.00	10.00
Paid-up Shares	6.75	9.64
Ordinary Deposits	6.50	9.28
Higher Yield Deposits	6.35	9.07
Company Deposits	6.10	8.71

Full details of the above investments will gladly be sent on request.

## Huddersfield Building Society

Britannia Buildings Huddersfield HD1 1LG (Tel. 28333)